EQUITY RESEARCH

June 3, 2020 **Industry Update**

Canadian REITs Monthly

Focus Turning To A Recovery; With Great Yield Comes Great Opportunity

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Sector:
Real Estate

Our Conclusion

The real estate complex has materially lagged the broader S&P/TSX Index this year despite the contractual cash flow profiles that REITs provide (with REITs delivering a -26% unweighted total return vs. the S&P/TSX at -10%). Given that myriad unknowns continue to influence the real estate outlook, we believe that an active approach to stock selection is necessary to generate alpha over the near term. However, we would also posit that the current environment provides an attractive entry point for yield-oriented investors with a longer-term view (to which end we would suggest that there are numerous REITs that offer compelling and sustainable yields, while carrying ample liquidity and material valuation optionality).

Key Points

While there are exceptions (as there always are), we believe that retail and diversified REIT valuations reflect the assumption that yet uncollected, however still owed, rent to date will not be collected at all, a perhaps short-sighted notion given that leases are legal contracts, and the awaited government assistance is on the way (the application process has been launched). In the office sector, while there has been a growing rhetoric around increasing “work from home” adoption, the impact remains to be determined (although it’s a topic we intend to return to in greater detail). Retirement homes/LTC are likely to face short-term occupancy challenges and continued headline risk, but we see significant valuation optionality over the longer term. The “beds and sheds” theme has continued to outperform, and while we view valuation levels as generally fair, we would note that these sectors are likely to remain defensive should the pandemic recovery take a turn for the worse (i.e., that which was working prior to broader pandemic concerns will likely continue to do so post pandemic).

Although we wouldn’t place overdue emphasis on the results of the quarter, we note that within our coverage universe, 15 REITs met consensus expectations (FFO/unit within +/-3% of consensus), 10 exceeded consensus (> +3%) and 14 missed consensus (<-3%). Investors continued to focus their attention squarely (perhaps myopically) on April/May (and June) rent collection statistics, which, in our view, came in largely as expected; all sectors fared well on that front with the obvious exception of retail (rent which we expect will, for the most part, be ultimately collected over time).

At this time, we continue to favour those REITs that carry relatively lower valuation risk, above-average yield, and strong balance sheets, including BPY, REI, SRU, APR, KMP, GRT, WIR, AP and HOM. However, we would note that investors should expect volatility to remain heightened throughout the complex for the foreseeable future.

All figures in Canadian dollars unless otherwise stated.

For required regulatory disclosures please refer to "Important Disclosures" beginning on page 55.

This document is intended for Mehul SUDRA (CIBC)

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This document is intended for Mehul SUDRA (CIBC)

CIBC Canadian REIT Cheat Sheet

CIBC CANADIAN REIT CHEAT SHEET	General				Valuation						Debt and Liquidity Metrics (As At Q1/20)						Distribution Sustainability		
	Current Price	2020 Peak To Current	Quartile (1st = largest reversion potential)	Economic Risk	Current NAV	Current P/NAV	2010-2019 NAV Trough	Variance to 2010-2019 NAV Trough	GFC NAV Trough	Variance to GFC NAV Trough	D/GBV	Interest Coverage	Liquidity/ 2020 Debt	Quartile (1st = lowest debt cover)	Months Revenue Cover	Quartile (1st = lowest mth rev cover)	Current Yield	2020 AFFO Payout	Quartile (1st = lowest payout)
Shopping Centre																			
RioCan	$15.32	(45%)	1st	Average	$24.50	(37%)	(11%)	26%	(40%)	(3%)	43%	3.5x	1.4x	3rd	11.1x	3rd	9.4%	92%	3rd
SmartCentres	$21.32	(34%)	2nd	Average	$30.00	(29%)	(17%)	12%	(55%)	(26%)	43%	3.5x	1.3x	2nd	7.1x	2nd	8.7%	87%	3rd
First Capital	$13.97	(36%)	2nd	Average	$20.00	(30%)	(11%)	19%	(36%)	(6%)	47%	2.3x	3.6x	4th	15.5x	4th	6.2%	89%	3rd
Crombie	$13.03	(21%)	4th	Below Average	$16.00	(19%)	(16%)	3%	(20%)	(1%)	50%	3.2x	5.1x	4th	13.2x	4th	6.8%	82%	2nd
Choice Properties	$13.37	(12%)	4th	Below Average	$14.25	(6%)	(6%)	1%	NA	NA	44%	3.6x	5.2x	4th	12.6x	4th	5.5%	95%	3rd
CT REIT	$13.40	(22%)	4th	Below Average	$15.50	(14%)	(6%)	7%	NA	NA	43%	3.4x	1.3x	2nd	7.5x	3rd	5.9%	79%	2nd
Diversified																			
BPY (USD)*	$10.90	(45%)	1st	Average	$26.00	(58%)	(48%)	10%	NA	NA	55%	NA	2.3x	3rd	12.4x	4th	12.2%	156%	4th
H&R	$9.97	(54%)	1st	Average	$20.00	(50%)	(28%)	22%	(79%)	(29%)	51%	3.3x	0.8x	2nd	1.4x	1st	6.9%	50%	1st
Cominar	$7.90	(48%)	1st	Average	$15.00	(47%)	(26%)	21%	(38%)	10%	51%	2.4x	1.1x	2nd	9.7x	3rd	9.1%	99%	4th
Artis	$7.62	(44%)	2nd	Average	$12.00	(37%)	(33%)	4%	(71%)	(35%)	53%	3.1x	0.5x	1st	5.1x	2nd	7.1%	57%	1st
Morguard REIT	$5.28	(58%)	1st	Average	$11.00	(52%)	(44%)	8%	NA	NA	48%	2.3x	0.5x	1st	3.9x	2nd	9.1%	51%	1st
Melcor	$3.54	(57%)	1st	Average	$6.25	(43%)	(28%)	15%	NA	NA	50%	2.4x	0.3x	1st	2.0x	1st	10.2%	61%	1st
Office																			
Allied Properties	$39.36	(34%)	2nd	Average	$48.00	(18%)	(13%)	5%	(32%)	(14%)	27%	3.3x	>10.0x	4th	8.0x	3rd	4.2%	83%	2nd
Dream Office	$19.07	(47%)	1st	Average	$28.75	(34%)	(49%)	(15%)	(64%)	(30%)	38%	3.0x	>10.0x	4th	11.6x	3rd	5.2%	86%	3rd
Slate Office	$3.82	(36%)	2nd	Average	$6.75	(43%)	(33%)	10%	NA	NA	58%	2.2x	0.2x	1st	2.4x	1st	10.5%	70%	2nd
True North Commercial	$5.87	(28%)	3rd	Average	$6.25	(6%)	NA	NA	NA	NA	58%	3.0x	1.7x	3rd	3.4x	1st	10.1%	107%	4th
International Office																			
NorthWest Healthcare	$10.70	(20%)	4th	Below Average	$11.25	(5%)	(23%)	(18%)	NA	NA	45%	2.9x	0.8x	2nd	0.7x	1st	7.5%	105%	4th
Industrial																			
Granite	$67.45	(10%)	4th	Average	$68.00	(1%)	(24%)	(23%)	NA	NA	22%	10.4x	>10.0x	4th	27.7x	4th	4.3%	81%	2nd
Dream Industrial	$10.24	(28%)	3rd	Average	$11.50	(11%)	(40%)	(29%)	NA	NA	28%	3.9x	6.4x	4th	10.9x	3rd	6.8%	111%	4th
WPT Industrial (USD)	$12.22	(18%)	4th	Average	$13.75	(11%)	(25%)	(14%)	NA	NA	52%	2.9x	5.1x	4th	11.5x	3rd	6.2%	101%	4th
Summit Industrial Income	$10.75	(24%)	3rd	Average	$11.25	(4%)	(14%)	(9%)	NA	NA	47%	2.8x	4.0x	4th	3.6x	1st	5.0%	95%	3rd
Small Cap Retail																			
Plaza Retail	$3.11	(34%)	2nd	Average	$4.50	(31%)	(16%)	15%	NA	NA	53%	2.3x	0.5x	1st	3.5x	1st	9.0%	97%	4th
Slate Retail (USD)	$8.04	(22%)	4th	Below Average	$10.00	(20%)	(29%)	(9%)	NA	NA	59%	2.4x	>10.0x	4th	20.3x	4th	10.7%	99%	4th
Automotive Properties	$9.31	(27%)	3rd	Below Average	$10.75	(13%)	(10%)	4%	NA	NA	45%	3.5x	3.6x	3rd	14.0x	4th	8.6%	99%	4th
Domestic Residential																			
CAP REIT	$46.78	(24%)	3rd	Below Average	$50.00	(6%)	(19%)	(12%)	(30%)	(24%)	36%	3.9x	0.7x	1st	4.0x	2nd	2.9%	73%	2nd
Boardwalk	$29.26	(43%)	2nd	Below Average	$44.00	(34%)	(35%)	(2%)	(47%)	(14%)	46%	2.8x	0.9x	2nd	7.9x	3rd	3.4%	51%	1st
Northview Apartment	$35.13	(4%)	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Killam Apartment	$16.93	(27%)	3rd	Below Average	$20.00	(15%)	(22%)	(7%)	(44%)	(29%)	44%	3.3x	0.4x	1st	4.1x	2nd	4.0%	86%	2nd
InterRent	$14.26	(24%)	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Minto Apartment	$20.28	(28%)	3rd	Below Average	$22.00	(8%)	NA	NA	NA	NA	43%	1.9x	1.6x	3rd	18.7x	4th	2.2%	57%	1st
International Residential																			
European Residential	$4.18	(22%)	4th	Below Average	€ 3.00	(8%)	NA	NA	NA	NA	45%	3.7x	>10.0x	4th	15.4x	4th	2.5%	88%	3rd
Morguard NA Residential	$14.59	(30%)	3rd	Below Average	$23.00	(37%)	(34%)	2%	NA	NA	44%	2.4x	4.6x	4th	5.9x	2nd	4.8%	76%	2nd
BSR REIT (USD)	$10.94	(17%)	4th	Below Average	$12.00	(9%)	NA	NA	NA	NA	49%	NA	1.9x	3rd	7.1x	3rd	4.6%	88%	3rd
Seniors																			
Chartwell	$8.61	(41%)	2nd	Average	$12.00	(28%)	(20%)	9%	(33%)	(5%)	54%	3.2x	4.7x	4th	4.1x	2nd	7.1%	78%	2nd
Extendicare	$5.84	(34%)	2nd	Below Average	$9.00	(35%)	(34%)	1%	(53%)	(18%)	33%	3.1x	1.4x	3rd	2.0x	1st	8.2%	94%	3rd
Sienna Senior Living	$9.72	(51%)	1st	Below Average	$16.50	(41%)	(16%)	25%	NA	NA	47%	4.2x	>10.0x	4th	4.0x	2nd	9.6%	70%	1st
Invesque Inc. (USD)	$2.05	(71%)	1st	Below Average	$5.50	(63%)	NA	NA	NA	NA	58%	1.8x	0.9x	2nd	2.0x	1st	0.0%	0%	1st
Hotel																			
American Hotel (USD)	$2.05	(64%)	1st	Above Average	$3.75	(45%)	(38%)	7%	NA	NA	59%	1.6x	>10.0x	4th	5.6x	2nd	0.0%	0%	1st

*Total not provided. As at May 10, BPY collected >90% of Office and Apartment April Rent, and ~20% of Retail Rent

* BPY AFFO Payout Ratio does not include realized gains. Including such gains, payout would be significantly lower.

This document is intended for Mehul SUDRA (CIBC)

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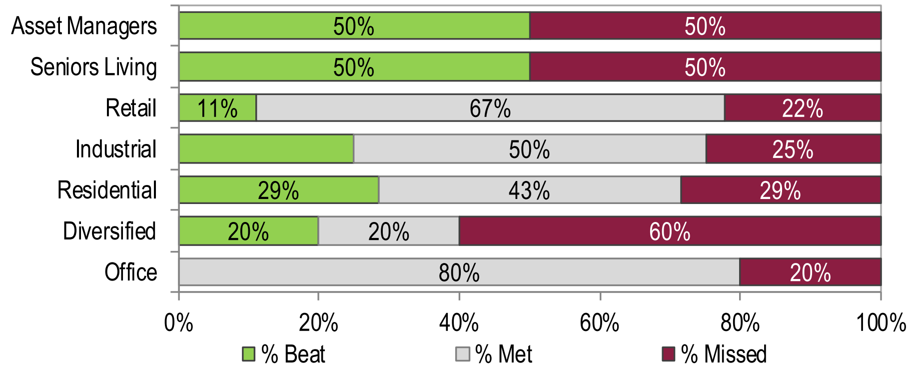
Q1/20 Earnings – Peeking Into The Coming Storm

Although Q1 results were largely brushed aside by investors given that the health crisis began towards the end of the quarter, disclosed liquidity positions and rent collection trends could provide a glimpse into how platforms and sub-sectors perform as we enter the eye of the storm. Nonetheless, of the 39 non-restricted REITs/REOCs in our real estate universe that reported, 15 met consensus expectations (FFO/unit within +/-3% of consensus), 10 exceeded consensus (> +3%) and 14 missed consensus (<-3%).

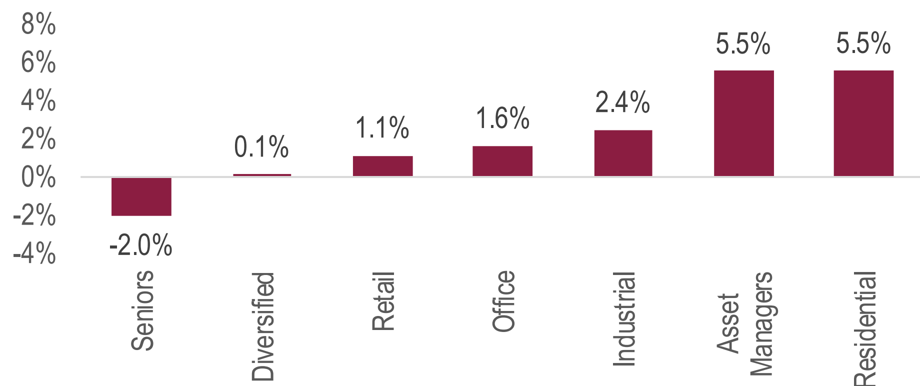
Exhibit 1: Q1/20 Results Versus Consensus



Source: Company reports and CIBC World Markets Inc.

With over one-third of the universe missing results, the proportion of misses rose from ~11% of reporting entities last quarter. Diversified REITs had the most misses, driven by relatively higher exposure to energy markets amidst the recent downturn, as well as poorer-performing enclosed retail. Seniors housing companies continued to be negatively affected by lower retirement occupancy as lockdowns have halted move-ins.

Exhibit 2: Q1/20 SP-NOI Growth By Sector



Source: Company reports and CIBC World Markets Inc.

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Exhibit 3: Rent Collection Update And Liquidity

			April Rent Collection		May Rent Collection		Liquidity Update (As At Q1/20)		
Sector	**Name**	**Updated As Of**	**Reported % Collected**	**Deferral Requests**	**Reported % Collected**	**Deferral Requests**	**Cash & Equivalents ($MM)**	**Undrawn Credit Facilities ($MM)**	**Total Liquidity ($MM)**
Residential	**Boardwalk**	15-May	98%	0.50%	"Trending Slightly Ahead of April"	NA	$31	$269	$300
	Minto	7-May	> 97%	~2.3%	> 90%	NA	$111	$88	$199
	InterRent	5-May	98%	0.25%	NA	NA	$10	$103	$113
	Killam	6-May	97%	< 1% (apartment)	NA	NA	$7	$79	$86
	CAPREIT	30-Apr	98%	<0.5%	NA	NA	$182	$99	$282
	BSR	11-May	97%	< 2%	93%	NA	$6	$48	$54
	MRG	28-Apr	95%	<3.5%	NA	NA	$21	$102	$122
	ERES	11-May	100% (Residential)	NA	NA	NA	€ 13	€ 74	€ 87
	Tricon	31-May	99%	NA	96%	<1% SFR 1.6% multifamily	$53	$175	$228
Industrial	**WPT**	13-May	98%	~14%	97%	15%	$50	$112	$163
	Summit	1-Jun	96%	NA	90%	5%	$13	$46	$59
	Granite	26-May	99%	NA	98%	2.6%	$242	$499	$741
	Dream Industrial	31-May	> 90%	2%	>85.5%	4.5%	$66	$150	$216
Retail	**Slate Retail**	27-May	85%	NA	87%	NA	$3	$208	$211
	Plaza Retail	8-May	74%	~8% (deferral agreements)	68%	~8% (deferral agreements)	$9	$20	$30
	Automotive Properties	8-May	~75% (~63% paid in full, ~12% collected pursuant to partial deferrals)	~19% (deferral agreements)	~75% (~63% paid in full, ~12% collected pursuant to partial deferrals)	~19% (deferral agreements)	$20	$65	$85
	CT REIT	4-May	97%	NA	97%	NA	$20	$294	$315
	Choice Properties	22-Apr	**86% Overall** 84% Retail 97% Industrial 89% Office	NA	NA	NA	$94	$1,260	$1,354
	Crombie	6-May	**87% Overall** 86% Retail 100% Industrial 94% Office	2% approved (with another 2% likely to qualify)	NA	NA	$113	$337	$450
	SmartCentres*	6-May	69%	NA	"Trending Similar To April"	NA	$439	$31	$471
	RioCan	30-Apr	55%	17% (deferral agreements)	NA	~17%	$87	$914	$1,001
	FCR	5-May	74%	17.1% requests (~8% approved)	NA	NA	$247	$627	$875

Source: Company press releases and CIBC World Markets Inc.

Notes: 1) *Smartcentres provided a rent collection update using the term "Expected rent," which represents contracted rent for the month less rent deferrals offered to and accepted by the trusts small independent retailers.

2) Date reflects companies most recent update regarding rent collections statistics. In some cases, only May updates were provided, and April figures may therefore reflect prior disclosures.

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Exhibit 4: Rent Collection Update And Liquidity (Continued)

			April Rent Collection		May Rent Collection		Liquidity Update (As At Q1/20)		
Sector	Name	Updated As Of	Reported % Collected	Deferral Requests	Reported % Collected	Deferral Requests	Cash & Equivalents ($MM)	Undrawn Credit Facilities ($MM)	Total Liquidity ($MM)
Office	**Allied**	29-Apr	90%	8%	NA	NA	$22	$376	$398
	Dream Office	7-May	95%	0.3%	NA	1.9%	$41	$178	$219
	Slate Office	28-May	97%	~1%	96%	~1%	$6	$32	$38
	True North Commercial	5-May	99%	NA	NA	NA	$22	$20	$42
	NorthWest	14-May	93%	NA	84%	~6%	$96	$18	$115
Seniors	**Chartwell**	7-May	100%	NA	100%	NA	$132	$209	$341
	Sienna	13-May	100%	NA	100%	NA	$61	$161	$222
	Invesque	14-May	88%	NA	NA	25%	$18	$14	$32
	Extendicare	14-May	~100%	NA	~100%	NA	$106	$70	$176
Diversified	**HR REIT**	14-May	**85% Overall** 99% Office 59% Retail 97% Residential 98% Industrial	NA	**80% Overall** 99% Office 50% Retail 92% Residential 90% Industrial	NA	$53	$72	$125
	BPY	10-May	> 90% (Office) > 90% (Apartments) ~ 20% (Retail)	NA	NA	NA	$1,781	$5,378	$7,159
	Cominar	7-May	**71% Overall** 92% Office 83% Industrial 40% Retail	10% Office 19% Industrial 44% Retail	**57% Overall** (expects slightly lower collections versus April)	NA	$124	$400	$524
	Melcor	14-May	**79% Overall** 86% Office 69% Retail 93% Industrial 100% Residential	NA	**71% Overall** 79% Office 61% Retail 86% Industrial 99% Residential	NA	$2	$10	$12
	Artis	26-May	93.2% (after def.)	NA	87.6% (before def.) 92.3% (after def.)	~4.7%	$53	$138	$191
	Morguard REIT	29-Apr	**65% Overall** 91% Office 65% Industrial 45% Retail	NA	NA	NA	$7	$75	$82

Source: Company reports and CIBC World Markets Inc.

Note: Date reflects companies most recent update regarding rent collections statistics. In some cases, only May updates were provided and April figures reflect prior disclosures.

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Exhibit 5: Headline Beats

REITs	Ticker	Q1/19A	Q1/20A	Y/Y	CIBC Q1/20E	Cons. Q1/20E	Surprise	SP-NOI	Our Take
Dream Unlimited*	DRM	0.17	0.31	82.4%	0.18	0.17	82.4%	N/A	Dream reported standalone diluted EPS of ~$0.31, above our estimate of $0.18, which we primarily attribute to the material lot sales achieved during the quarter (i.e., the 480-acre Glacier Ridge community). While the pandemic situation does imply certain challenges for DRM (such as the temporary closure of the Arapahoe Basin and hotel operations), we note that the company's strong liquidity position provides an important mitigant should the current situation worsen (not our base-case scenario). Given DRM's historically high (and, in our view, unwarranted given all of the diversification away from the raw land bank business) correlation to oil prices, and the current state of the oil complex, we would suggest that DRM shares are currently best suited for investors with a relatively higher-than-average risk tolerance.
Tricon Capital Group*	TCN	NA	0.13	NA	0.11	0.11	18.2%	5.5%	Acknowledging TCN is increasingly comparable to the rest of our residential REIT coverage (notwithstanding its undervalued development and asset management business), and that the company's growth profile is generally underpinned by the very same fundamental drivers, we make the observation that TCN shares have seen a disproportionate (i.e., more material) relative decline from recent highs. During the quarter, Tricon completed its transition to a rental housing company through a number of initiatives, including: 1) realignment of corporate structure and senior reporting relationships; 2) adoption of consolidated accounting and "REIT-like" disclosure; and, 3) the proposal to change its name to Tricon Residential Inc. (subject to shareholder approval at the upcoming annual meeting).
Invesque Inc. (USD)	IVQ.U	0.20	0.21	5.0%	0.17	0.18	16.7%	NA	The pandemic has weighed on seniors housing operator occupancy due to the temporary hiatus in property tours and move-ins, while move-outs persist. The postponement of elective procedures and medical services due to lockdowns and reallocation of resources towards COVID-19 treatment is also expected to result in lower skilled nursing occupancies and could lead to stress for certain medical office tenants. Higher operating costs from physical protection equipment requirements as well as labour could pressure operator cash flows. While visibility remains limited regarding the decline in operator profitability, the industry could see some relief from the CARES Act Provider Relief Fund and future stimulus bills. The suspension of the dividend, corporate cost-reduction measures, and deferral of capex should support the company's liquidity throughout these challenging times.
Morguard NA Residential	MRG.UN	0.29	0.32	10.3%	0.31	0.30	6.7%	5.8%	MRG reported a solid, albeit in-line quarter. As expected, the impact of COVID-19 on operating metrics has been very marginal to date (April rent collection was very healthy and in line with peers). We anticipate a slowing of rent growth through the immediate near term (on lower turnover and a moratorium on lease renewal increases) and a slight decrease in occupancy. MRG delivered positive organic growth across its major markets in Q1/20. Overall, SP-NOI growth of 5.8% reflected 8.7% SP-NOI growth in Canada, 2.7% SP-NOI growth in the U.S. (in U.S. dollar terms), and the benefit of a stronger U.S. dollar.
Sienna Senior Living	SIA	0.32	0.36	11.8%	0.33	0.34	5.9%	-6.4%	While 2020 was anticipated to be a challenging year with new supply in retirement housing expected to pressure occupancy rates, this pales in comparison to the industry's battle with COVID-19. We expect that the war will ultimately be won, but trying to pinpoint a timeline is difficult at best. With homes operating under an "essential visitors" policy, touring activity has been restricted, making occupancy in retirement housing difficult to maintain. As protocols evolve to allow the safe move-in of residents, likely first in B.C., the sequential pace of occupancy decline could be mitigated. Long-term care, which accounted for ~56% of NOI in 2019, should continue to receive close to full funding from the government; however, cost escalation could have a slight negative impact on margins. The post-virus world will likely feature higher costs and potentially increased regulation. Class C redevelopment funding will likely see improvements, which should be positive for Sienna's campus redevelopments.
H&R	HR.UN	0.45	0.45	0.0%	0.41	0.43	4.7%	0.9%	Overshadowing the otherwise strong results of the quarter is the decision to cut the distribution by ~50% to $0.69 per annum, as well as a material $1.3B fair value write-down. Given the challenges facing the REIT's retail portfolio (particularly the enclosed malls), and the current state of the oil complex, we view the cut as financially prudent, although the extent of such was perhaps more material than we would have otherwise expected, which does beg the question of whether underlying fundamentals are deteriorating beyond what is visible on the surface. With that said, we believe a conservative approach is optimal at this time and, given the significant additional liquidity that was secured subsequent to the quarter, we believe investors should now rest assured that the REIT has the necessary resources to navigate the pandemic.
RioCan	REI.UN	0.47	0.46	-2.1%	0.44	0.44	4.5%	3.0%	An operationally healthy quarter will take a back seat to broader investor concerns over the ultimate collectability of retail tenant rents. As the REIT has taken the necessary steps to address its near-term debt obligations (i.e., 2020 debentures and majority of mortgages effectively refinanced), and given the REIT's substantial liquidity (we certainly do not think the survivability of the REIT is in question), we believe that the REIT's current discounted valuation is decidedly short-sighted and does not reconcile with the fundamental value of the underlying real estate (especially in a post-COVID-19 world). RioCan delivered 3.0% overall SP-NOI growth in Q1/20, with 3.1% growth in its six major markets.
CAP REIT	CAR.UN	0.49	0.55	11.8%	0.53	0.53	3.8%	5.7%	CAPREIT's pandemic-related updates fall squarely in line with those we have observed across the residential REIT sector: 1) rental collection is trending near historical levels; 2) occupancy remains resilient; 3) rental rate increases are currently paused; and, 4) proactive steps have been taken to preserve liquidity (which we view as ample). We continue to view CAPREIT as a best-in-class owner and operator of residential real estate in attractive markets (with the pandemic representing but a modest setback in what is otherwise an appealing long-term growth profile).

*Tricon Capital SP-NOI reflects the SFR portfolio, which accounts for ~73% of the company's total AUM.
*Dream Unlimited's FFO/unit is adjusted for the consolidation of Dream Alternatives.
Source: Company reports and CIBC World Markets Inc.

This document is intended for Mehul SUDRA (CIBC)

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Exhibit 6: Headline Meets

REITs	Ticker	Q1/19A	Q1/20A	Y/Y	CIBC Q1/20E	Cons. Q1/20E	Surprise	SP-NOI	Our Take
Allied Properties	AP.UN	0.55	0.58	5.5%	0.57	0.57	1.8%	4.3%	The final impact of COVID-19 on the office market remains to be seen. Tenants (primarily retail and office start-ups) representing ~8% of April gross rents are working with Allied on a case-by-case basis, and the Canada Emergency Commercial Rent Assistance Program could be utilized once more details emerge on its implementation. Many of Allied's core office markets were near record-low vacancies and, while absorption could decrease, we would expect that extremely tight markets become more balanced as opposed to tipping completely in the tenant's favor. Some of AP's tenants may ultimately return some space, but increased data centre utilization should provide a buffer to any occupancy headwinds. Allied's leverage ratio of 27.2% remains at the low end of the REIT universe (average of ~46%), which gives it the flexibility to take advantage of potential opportunities that may unfold.
Automotive Properties	APR.UN	0.27	0.22	-18.2%	0.23	0.22	0.0%	1.1%	While APR will no doubt be impacted by limited dealership operations and property transactions in the mid-term, once the cloud clears, the pace of consolidation could tick up, allowing the REIT to maintain its strategic focus as a major consolidator. For the time being, the focus is on preserving liquidity. APR's liquidity levels have been helped by the December equity offering as the REIT presses pause on acquisition activity. Plus, the portfolio's low capex requirements help with cash retention.
Boardwalk	BEI.UN	0.56	0.62	10.7%	0.61	0.61	1.6%	8.1%	The REIT's high rent collection statistics will challenge the notion that near-term cash flows will be materially impacted by the current pandemic situation. With that said, we believe that weakness in the oil complex has the potential to (as history has illustrated) have a material and sustained impact on the sentiment surrounding real estate fundamentals in Western Canada (even if not the fundamentals). Boardwalk once again delivered admirable SP-NOI growth, which came in at 8.1% for the quarter and reflected a 3.8% increase in SP-Revenues and a 230 bps expansion of NOI margins.
Choice Properties	CHP.UN	0.25	0.24	-4.8%	0.25	0.24	0.0%	1.8%	Choice reported another steady quarter, maintaining its reputation as one of the more predictable REITs, underpinned by stable SP-NOI growth and high occupancy. Accordingly, April rent collection has come in ahead of most peers, supported by a high-quality tenant base. Choice also has ample liquidity of $1.4B as well as $11.9B of unencumbered assets. While not material compared to the overall asset base, the fair value write-down highlighted the relative appeal of grocery-anchored properties. The full financial impact of COVID-19 will only be revealed over time, but our estimate revisions assume eventual collection of rent that has been unpaid and deferred to date. A longer shutdown, continued monthly rent deferment, or permanent vacancy loss arising from the pandemic would call for a further reduction in our estimates, which we have not built into our base case.
Crombie	CRR.UN	0.30	0.29	-3.3%	0.28	0.29	0.0%	1.7%	With CRR's units implying a valuation level that is near historical troughs, we believe that investors are unduly discounting the inherent benefit of the REIT's grocery-anchored portfolio in the current COVID-19 environment. Ultimately, we believe that the vast majority of uncollected rent will be received by the REIT, and note that liquidity is more than sufficient to provide "breathing room" should the pandemic situation worsen from here (not our base-case scenario). CRR reported SP-NOI growth of 1.7%, primarily due to rate increases on existing tenant leases, new leasing activity, and revenues from modernization investments. We would note that after adjusting for the increase in allowance for doubtful counts in the quarter, organic growth was 2.6%.
CT REIT	CRT.UN	0.29	0.29	0.7%	0.30	0.30	-2.0%	2.4%	CT REIT's Q1 results displayed the stability of the REIT's portfolio, driven by contractual growth and high occupancy. Rent collection came in strong for both April and May, and with ~6% of tenants closed, the impact of COVID-19 has been limited. With long average lease terms, built-in rent growth and 95% of tenants investment-grade rated, we view the REIT as best equipped to navigate the current crisis. Q1/20 SP-NOI results again met the REIT's long track record of ~2% or better organic growth. Portfolio occupancy was 99.4% (+30 bps Y/Y), reflecting full occupancy at Canadian Tire stores and improvement in third-party retail, industrial and mixed-use occupancy.
Dream Industrial	DIR.UN	0.21	0.17	-19.0%	0.18	0.17	0.0%	0.6%	The positive trends for industrial real estate that existed prior to COVID-19 are likely to eventually resume, including an increasing penetration of e-commerce and re-shoring of manufacturing. A potential supply chain management shift away from just-in-time to "just-in-case" (i.e., having more inventory on hand) could also become a marginal demand driver for industrial real estate. DIR has a strong balance sheet (LTV of 28.2%), ample liquidity, and is well positioned to capitalize on opportunities to continue growth. We expect the acquisition pace to moderate until buyer and seller expectations are re-calibrated, and more information becomes available regarding the impact of the virus. In addition to pushing out our acquisition timing, in the near term we expect that there could be some temporary vacancy in the portfolio and have moderated our assumptions accordingly.
Dream Office	D.UN	0.43	0.39	-9.3%	0.40	0.38	2.6%	4.4%	Downtown Toronto office accounts for 85% of IFRS fair value, making it the REIT with the largest exposure to this market. While new construction is at an elevated level, if market absorption remains within historical averages, the market should become more balanced compared with the tight conditions that exist today. Economic softness leading to absorption rates near historical lows could tilt the market in tenants' favor by the end of 2021E. With a strong balance sheet, Dream Office is well positioned for any potential: 1) deterioration in market conditions; and, 2) opportunities that may unfold from an acquisition perspective. The REIT collected 95% of April gross rent and is working with late tenants, most of whom are ground-floor retail or small businesses occupying under 10K sq. ft.

Source: Company reports and CIBC World Markets Inc.

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Exhibit 7: Headline Meets (Continued)

REITs	Ticker	Q1/19A	Q1/20A	Y/Y	CIBC Q1/20E	Cons. Q1/20E	Surprise	SP-NOI	Our Take
Killam Apartment	KMP.UN	0.21	0.22	4.8%	0.23	0.22	0.0%	6.1%	KMP reported an as-expected operationally strong Q1/20, featuring admirable organic growth. However, the REIT's (indeed the entire sector's) ability to navigate the current pandemic will likely remain the key area of focus for investors over the near term, a concern we think, while legitimate, may be overdone. April/May rent collections remain under the spotlight, which to date are trending near historical levels—a very positive signal. Given a strong balance sheet and stable rental markets, we have no concerns over available liquidity or distribution sustainability. Overall SP-NOI growth of 6.1% in Q1/20 reflected healthy growth in both the apartment segment (+6.2%) and the smaller MHC segment (4.0%).
Melcor	MR.UN	0.23	0.22	-4.3%	0.22	0.22	0.0%	-3.1%	Layering on to the challenges and uncertainty posed by the pandemic is the REIT's presence in energy-dependent markets, which was already pressuring the office segment. While management is taking steps to preserve liquidity, and some relief could come from government and other assistance programs, we expect a prolonged return to normal course operations. The REIT has felt the impact of the shutdown primarily in its retail segment, with office and industrial faring better. Overall rent collections for April and May so far are 79% and 71%, respectively. For April, Melcor has collected 69% of rents from retail, 86% from office, and 93% from industrial.
Minto	MI.UN	0.20	0.21	5.4%	0.22	0.21	0.0%	4.7%	The REIT's significant liquidity brings credence to its ability to weather a worst-case scenario through the shorter term, while the quality of its assets and the mark-to-market opportunity (especially in Ontario) point towards a resumption of above-average growth as the lockdown subsides (albeit at a slightly more tempered pace than before the pandemic). The REIT reported healthy SP-NOI growth of 4.7% during the quarter, mainly as a result of increases in market rents achieved on suite turns, higher rents on repositioned units, and a reduction in utilities expense.
Plaza Retail	PLZ.UN	0.13	0.09	-29.7%	0.09	0.09	0.0%	1.0%	With an open-air shopping centre focus and a tenant roster heavily skewed to large, national retailers, we expect Plaza to withstand the near-term shutdown disruption. Management estimates ~7% of tenants face challenges, which unsurprisingly include cinemas, restaurants, fitness facilities and fashion retailers. When the dust settles, the REIT's expertise in repositioning challenged centres could translate into increased redevelopment opportunities. Reflecting the impact of the shutdown, Plaza has withdrawn its 2020 outlook. Plaza continued to secure attractive financing rates, procuring 10-year financing at 3.75%, another 10-year fixed term loan at 2.29%, and refinancing a mortgage for 10 years at 2.68%.
Slate Office*	SOT.UN	0.19	0.18	-5.3%	0.19	0.18	0.0%	-3.0%	The recently proposed US$45.5MM Fort Lauderdale acquisition will not be proceeding as planned, as certain closing conditions were not satisfied. Management at Slate Office REIT is prudently "pens-down" with respect to acquisitions as the impact of COVID-19 is still being assessed. Occupancy of 86.5% compared with stabilized levels in the low-90% range represents an attractive longer-term cash flow growth opportunity. Leasing conditions may be challenging in certain markets over the near term, and we believe that achieving an occupancy in line with stabilized levels will be well into 2021. The REIT's lone hotel asset, while not an overly large driver of earnings or value, is facing headwinds and directionally negatively impacts our forecasts.
SmartCentres REIT	SRU.UN	0.55	0.56	1.8%	0.54	0.57	-1.8%	0.3%	SRU reported an in-line quarter, with organic growth reverting to positive territory. As we look forward through the course of this pandemic, we believe that the REIT will ultimately collect a significantly higher portion of its owed rents than that which the market appears to be pricing in (as per a 34% discount to NAV). Having drawn $460MM on its credit facility, the REIT is carrying an exceptionally high cash balance, affording it maximum flexibility during a challenging period. While such a large cash balance can be short-term dilutive, we anticipate that the elevated position will be temporary, and that once there is clarity on the "path to recovery," the debt levels will naturally decrease.
Summit Industrial Income	SMU.UN	0.16	0.16	3.2%	0.16	0.16	0.0%	5.3%	While the REIT's portfolio in the GTA and the Montreal region is expected to remain resilient in the wake of the pandemic, ~30% of the REIT's portfolio is exposed to Alberta, which could face a longer recovery cycle given the deterioration in energy markets and regional economic exposure to this industry. The majority of SMU's Alberta portfolio is focused on logistics, however, and only ~5% of the REIT's overall portfolio is tied to the energy industry. Nevertheless, the company anticipates that there could be occupancy headwinds in the region as the year unfolds. Industrial fundamentals in the GTA and Montreal are expected to remain generally strong, supported by growing adoption of e-commerce and other trends that have been under way. Acquisitions and development are an avenue for growing a higher weighting to the GTA and Montreal; however, execution on these initiatives is generally being pushed out owing to the current environment.
True North Commercial	TNT.UN	0.14	0.15	7.1%	0.15	0.15	0.0%	-0.6%	True North's exposure to government and credit-rated tenants demonstrates the resiliency of the REIT's cash flow. By way of example, the REIT collected 99% of its April rents (including government tenants who pay at the end of the month), the highest rate among office peers, with only a handful of tenants seeking assistance. The REIT continues to evaluate acquisition opportunities, but we expect the pace to be slower as buyers and sellers recalibrate expectations. TNT offers investors an attractive distribution yield, albeit at a relatively high payout ratio.

*Slate Office's FFO estimates represent Core FFO figures
Source: Company reports and CIBC World Markets Inc.

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Exhibit 8: Headline Misses

REITs	Ticker	Q1/19A	Q1/20A	Y/Y	CIBC Q1/20E	Cons. Q1/20E	Surprise	SP-NOI	Our Take
Chartwell	CSH.UN	0.22	0.21	-4.5%	0.22	0.22	-4.5%	0.3%	Q1 was solid operationally, and momentum appeared to be positive prior to the onset of the pandemic. The essential visitors policy restricts physical touring and, by extension, impacts the rate of move-ins. At the same time, move-outs are still occurring naturally, buffered somewhat by limited transfers out to long-term care in the current environment. The 170 bps decline in same-property occupancy from March to April is a reasonable monthly rate to expect as the crisis endures. It is important to note that move-ins are not themselves restricted and, as protocols to allow safe resident move-ins are refined, perhaps the decline rate may improve. Retirement housing is needs-based, and we believe that demand is being deferred, not destroyed, and that occupancy will eventually rebound. Our concerns over supply are fading as developments are postponed, but with no timeline as to when homes may fully re-open, the bottom from which occupancy might start to recover remains elusive.
NorthWest Healthcare	NWH.UN	0.20	0.21	5.0%	0.22	0.22	-4.5%	2.9%	NorthWest benefits from its exposure to government-funded hospitals and healthcare facilities (>85% of the REIT's revenues). While rent deferrals as a percentage of rent increased in May, we expect these deferrals to mostly be collected as healthcare systems resume full services and deal with the growing backlog of services (e.g., Australia and New Zealand are restarting their economies, including allowing elective surgeries, and Germany has begun taking steps to re-open the healthcare system). NWH aims to carry out its objectives for the rest of 2020 such as completing asset dispositions and improving leverage. As NWH switches from growth to maintaining liquidity in the near term, the pace of JV deployment will likely be slower than anticipated, and we have pushed out our estimates of related investment activity.
WPT Industrial (USD)	WIR.U	0.18	0.18	0.0%	0.19	0.19	-5.3%	1.4%	While the fallout from the pandemic on supply chains is difficult to pinpoint, with mandated closures for brick-and-mortar operations, the reliance on distribution and fulfilment facilities should support industrial real estate fundamentals. The REIT has relatively limited exposure to small-bay product, which is positive given smaller tenants are less likely to have a multi-channel distribution and are expected to be under greater stress. The recently completed acquisition from PIRET/ Blackstone is expected to benefit WPT by increasing operating scale, adding exposure to FedEx, and increasing geographic diversification. While we expect activity to slow on the private capital side owing to near-term valuation challenges, the pipeline remains a unique outlet for WPT to acquire modern build assets in higher-barrier markets. We've tempered our forecast for leasing, and pushed out timing on dispositions we believe the REIT may undertake as it refocuses its portfolio and lowers leverage.
Artis	AX.UN	0.34	0.33	-2.9%	0.35	0.35	-5.7%	1.5%	With rent collection statistics capturing the lion's share of attention over the past few weeks, we believe that investors will view the REIT's progress on this front in a favourable light (and note that May collections appear to be shaping up even better than April, as per management comments). As we look forward, we believe that AX is well positioned to navigate the current pandemic, and would suggest that the REIT's relatively lower exposure to retail (compared to other diversified REITs) serves to mitigate the overall impact to the company's cash flows over the near term. The recent termination of the strategic review, citing global uncertainty, is a prudent measure as we believe a more meaningful corporate action may prove to be difficult given current conditions, although the company did leave the door open to considering strategic opportunities in the future.
Brookfield Asset Management*	BAM	0.69	0.55	-20.3%	0.73	0.59	-6.8%	N/A	The benefit of BAM's near-record liquidity levels is twofold: 1) it allows the company to effectively navigate the pandemic, and indeed financially support its listed partnerships, if need be; and, 2) it permits the execution of BAM's investment strategy - BAM has an admirable (if not unparalleled) track record of identifying contrarian opportunities that require a longer time horizon, which we believe current market conditions offer in spades (management's recent focus has been on public investments, including its public affiliates, as well as distressed debt, but private market opportunities are likely to ramp up in short order). In our view, AUM growth will ultimately underpin NAV growth over the long term, and the exceptionally low interest rate environment provides a solid foundation for increased real asset allocations through the foreseeable future.
Cominar	CUF.UN	0.26	0.25	-3.8%	0.27	0.27	-7.4%	4.0%	Cominar's diversified portfolio has thus far safeguarded against the impact of a mall-heavy retail portfolio. Notably, strength in office and industrial has in part persevered during the shutdown, though the long-term strategy of shifting the retail mix could be up for debate. Cominar has felt the impacts of the shutdown, but has seen some resilience in certain areas. In industrial, leasing activity continues, with renewal spreads remaining favourable. The industrial portfolio has seen some headwinds from tenants who supply to more affected customers, such as restaurants and retailers. Office leasing has largely remained intact as well, with discussions progressing from arrangements made early in Q1. The REIT is operating with a wait-and-see approach for office leasing, pending Quebec's gradual reopening.
Morguard	MRT.UN	0.36	0.32	-11.1%	0.35	0.35	-8.6%	-2.8%	We have materially lowered our 2020 and 2021 estimates, reflecting the rent reduction for one of the REIT's most significant tenants and an erosion in enclosed mall fundamentals. We expect the distribution reduction and deferral of discretionary spending to help offset the cash flow impact from COVID-19 and the longer-term erosion from a further deterioration of the Alberta office market. Portfolio-wide SP-NOI was down 2.8%, primarily driven by an 8.5% decline in enclosed shopping centres. The REIT recorded a $121.1MMM fair value write-down driven by retail and office.

*BAM's Consensus FFO estimates partially excludes gains.
Source: Company reports and CIBC World Markets Inc.

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Exhibit 9: Headline Misses (Continued)

REITs	Ticker	Q1/19A	Q1/20A	Y/Y	CIBC Q1/20E	Cons. Q1/20E	Surprise	SP-NOI	Our Take
Morguard Corp	MRC	4.74	4.56	-3.8%	5.21	5.06	-9.9%	N/A	While BPVS was up a healthy ~4% Q/Q, we acknowledge that a number of MRC's assets (i.e., primarily the company's retail and hotel exposure) are likely to face mounting pressure over the immediate near term. To this end, the company's current liquidity and ~$990MM in unencumbered properties should help it effectively navigate the current pandemic. We calculate liquidity of approximately $369MM at Q1/20 (as measured by undrawn facilities + current cash). For context, this represents ~0.4x the 2020 debt maturities noted above, and ~4 months of stabilized revenue (we use 2019 revenue as our run rate). Interest coverage of 2.65x remains healthy, suggesting that there is little to no need to draw on available liquidity to cover interest payments at this time.
Slate Retail (USD)	SRT.U	0.30	0.26	-13.3%	0.29	0.29	-10.3%	1.2%	Slate Retail reported a slight FFO miss on the back of lower NOI from dispositions and refinancing costs, but the high proportion of grocery-anchored (100% of portfolio) and essential service tenants creates a solid platform of defense during the shutdown. Rent collections for April were strong and the majority of tenants were operating, boosting visibility on future collections. The REIT's grocery-anchored tenants are all open, which has provided some stability amidst the shutdown. Some 75% of total tenants are operating and 63% of tenants were deemed essential.
Extendicare	EXE	0.10	0.10	0.0%	0.10	0.12	-16.7%	0.0%	Consistent with themes reported from other health care real estate companies, COVID-19 led to higher costs and lower volumes across EXE's verticals, offset to some extent by government aid. The ParaMed recovery has been delayed as daily volumes are down 20%+ since the pandemic took hold. Average daily volumes looked to be improving prior to the onset of restrictions placed in March, and we think that demand will eventually rebound once the economy starts to re-open. In the meantime, the long-term care segment should produce relatively stable results, while weakness in the retirement housing portfolio should be offset by the group purchasing and consulting businesses. In the post-COVID-19 world, there will likely be changes in cost structure (primarily around labour) and possibly regulations. We think there is a reasonable chance that Class C redevelopment economics improve, which may allow Extendicare to kickstart construction.
First Capital	FCR.UN	0.30	0.24	-20.0%	0.30	0.30	-20.0%	-2.6%	FCR reported a weaker-than-expected quarter, although it should be noted that a number of the contributing factors were one-time in nature. While operating results may continue to be volatile in the immediate near term, we believe that FCR is very well positioned to navigate the current pandemic and beyond. To this end, we note the following: 1) while the REIT's D/GBV is above its retail REIT peer average, a relatively low proportion will expire through the end of 2020; 2) the REIT has ample liquidity to weather a pessimistic scenario (i.e., if retailers stay closed for longer than expected); and, 3) we consider the REIT's super-urban strategy to be particularly defensive should such a pessimistic scenario unfold (high-quality, well-positioned assets should fare better should leasing spreads come under material pressure as the recovery ensues).
European Residential REIT	ERE.UN	NA	0.03	N/A	0.03	0.04	-25.0%	4.4%	ERES reported a solid Q1/20, with results coming in exactly in line with our expectations. The REIT's ability to collect rent has proven resilient to date, and we see little indication of this trend deteriorating. The REIT had €87MM of liquidity at Q1/20 (as measured by undrawn facilities plus current cash). However, subsequent to the quarter, the REIT received €63MM in principal from its recent mortgage financing, which was partially used (€34MM remained in cash) to: 1) settle the remaining balance due to CAPREIT; and, 2) repay the balance on its revolving credit facility. As a result, the REIT now has €146MM in liquidity (€46MM cash + €100MM undrawn facilities). We would make the observation that ERES' liquidity and debt position are among the most conservative across our REIT coverage.
BSR	HOM.U	0.20	0.12	-40.0%	0.18	0.17	-29.4%	3.9%	A number of one-time items served to mask what was otherwise an operationally in-line quarter. Regarding the current pandemic, we believe BSR is well positioned to "weather the storm," an assertion we are comfortable making due to: 1) the REIT's solid liquidity position (which was further expanded post quarter due to disposition activity); and, 2) little to no evidence to date that the REIT will not be able to collect the vast majority of its owed rent. As such, we view current unit prices as an attractive entry point for investors looking to gain exposure to favourable residential fundamentals in the U.S. BSR reported solid organic growth of +3.9% on a +2.9% increase in SP-revenue (and +2.7% growth in same-property AMR).
American Hotel (USD)	HOT.UN	0.15	0.06	-60.0%	0.14	0.09	-33.3%	-17.0%	In our view, the REIT has sufficient liquidity to navigate the current pandemic, assuming that a slow and steady recovery continues (our base-case scenario). Indeed, the long-term upside potential to the current unit price could be substantial. With that said, a tightening of lockdown measures, which should at least be entertained as a possibility, could stress the REIT's ability to service its ongoing debt obligations and working capital needs over the medium term. The same-property portfolio, which comprises 67 Premium Branded Hotels, delivered a 17% decline in RevPar during the quarter. The decrease was primarily driven by a 1,210 bps decline in occupancy (which averaged 62.2% in Q1/20), and a slight decline in ADR levels.

Source: Company reports and CIBC World Markets Inc.

This document is intended for Mehul SUDRA (CIBC)

Other News In The Sector

Allied Properties REIT (Debenture Financing): On May 15, Allied closed its $300MM unsecured debenture offering at an annual interest rate of 3.131%, upsized from $200MM previously.

Brookfield Asset Management (Stake In British Land): On May 29, Brookfield Asset Management disclosed a 7.3% stake (£260MM) in British Land, one of the largest property development and investment companies in the U.K.

Choice Properties REIT (Debt Refinancing): On May 13, CHP announced the private placement of $500MM of series P senior unsecured debentures maturing on May 21, 2027 and with a ~2.8% interest rate; the offering closed on May 21. The REIT intends to use the net proceeds to pay down debt maturing in 2021, including $100MM of series B senior unsecured debentures and $250MM of series C senior unsecured debentures , with remaining proceeds to be used to pay down a portion of the balance drawn on its credit facility and for general business purposes.

Cominar (Management Departure): On May 11, CUF announced that its EVP and CFO, Heather Kirk, stepped down to pursue another opportunity. Antoine Tronquoy, VP, Capital Markets at CUF was appointed Interim CFO; his prior experience includes serving as CFO of Inovalis REIT. The REIT is engaged with an executive search firm to find a replacement.

European Residential REIT (TSX Listing): On May 28, ERES announced that it has received conditional approval from the TSX to graduate from the TSX Venture and list its trust units on the TSX. The units are expected to be listed and commence trading on the TSX in July 2020.

Seniors Housing CaRES Fund: On May 13, the CaRES fund was launched to provide one-time financial grants of up to $10K for urgent financial needs to employees of all retirement and long-term care operators in Canada. The CaRES fund was founded by Chartwell, Revera, Extendicare, and Sienna Senior Living, with a total initial capital investment of $2MM.

Sienna Senior Living (Long-term Care Report Response): On May 26, SIA received a copy of the report by the Canadian Forces listing observations at its Altamont Care Community, where the Forces have been working alongside company staff since April 27, 2020. The company highlighted that COVID-19 has had a severe impact on staffing at Altamont.

Slate Office REIT (Business Update): On May 28, SOT provided an update on the impact of COVID-19 on its business, and disclosed that the REIT collected 96% of May rent, inclusive of government tenants that typically pay at the end of the month. The REIT expects to collect the remaining 4% via cash collection or short-term deferral programs.

Slate Retail REIT (NCIB Renewal): On May 22, SRT announced that it received approval to renew its NCIB, effective May 26, 2020 and expiring on May 25, 2021, allowing for the repurchase of up to 3,673,524 class U units (~10% of float). Under its prior authorization, as of May 22, SRT bought back 1,901,069 units, at a weighted average price of US$9.90/unit, out of a possible 3,852,857 units.

Summit Industrial REIT (Sale Of Data Centre Interests): On May 11, as previously covered, SMU announced the sale of its data centre interests in the GTA and repayment of the outstanding mezz loan related to the project. The transaction will generate a realized gain of ~$21MM with the proceeds to be received in stages over the next 18 months.

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May Performance

In the month of May (to the 27th), Canadian REITs were down 1.8% on an unweighted basis, while the broader S&P/TSX Composite Index increased by 2.7% over the same period. The "beds and sheds" theme prevailed during the month, with industrials up 5.7% and apartments up 2.7%. The hotel, seniors, and diversified sectors lagged, delivering -13.7%, -13.0%, and -4.9% declines, respectively. YTD (through May 27), the apartment and industrial asset classes have proven to be the most resilient, while hotel, diversified, and seniors REITs have seen the largest declines.

YTD, Canadian REITs have delivered -26.3% on a total return, unweighted basis (-22.1% for the large-cap-weighted S&P/TSX Canadian REIT Index) compared to the S&P/TSX Composite Index's total return of -10.0%.

The top-performing REITs/REOCs in May were Automotive Properties (+15%) and Boardwalk (+14%), while Melcor (-22%) and Invesque (-30%) trailed. YTD, the top-performing REITs/REOCs are Northview (+13% on a privatization announcement) and Granite (+9%), while American Hotel (-64%) and Invesque (-69%) have lagged.

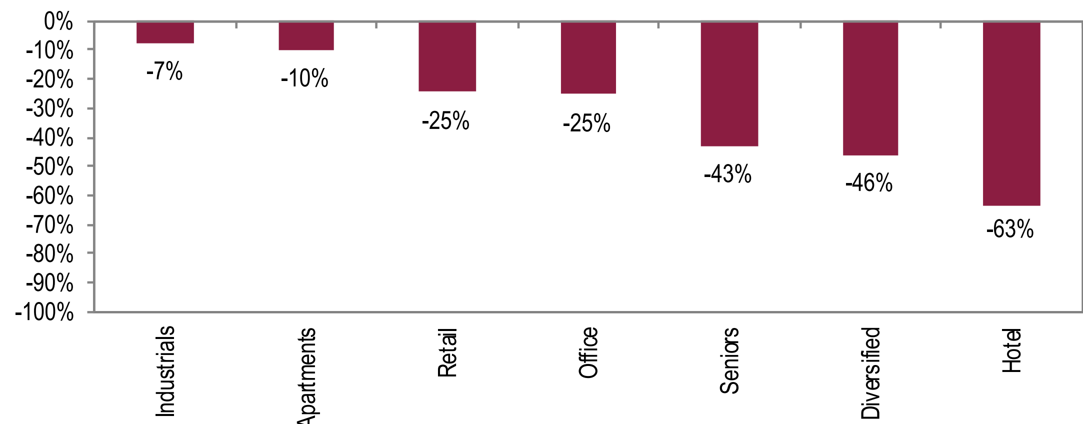
Relative to its allocation in the broader Index, the Real Estate GICS sector (including real estate services) has underperformed this year, a stark reversal of trends (read momentum) experienced over the past few years.

Exhibit 10: S&P/TSX Industry Sector Attribution (As At May 27)

GICS Sector	Index Weight	Total Return	Contribution
Communication Services	5.8%	-9.0%	-0.6%
Consumer Discretionary	3.7%	-14.8%	-0.6%
Consumer Staples	4.3%	-0.6%	0.0%
Energy	14.6%	-27.4%	-4.6%
Financials	31.0%	-19.0%	-6.6%
Health Care	1.1%	-24.6%	-0.3%
Industrials	11.5%	-5.8%	-0.6%
Information Technology	7.1%	43.4%	2.8%
Materials	12.3%	9.9%	1.8%
Real Estate	**3.4%**	**-20.8%**	**-1.0%**
Utilities	5.2%	-2.3%	-0.2%
SPTSX Composite	**100.0%**	**-10.0%**	**-10.0%**

Source: Bloomberg.

Exhibit 11: 2020 YTD* Total Returns By Property Type



*As at May 27, 2020

Source: FactSet and CIBC World Markets Inc.

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Exhibit 12: Real Estate Equities' Average Annual Rates Of Return Versus S&P/TSX Indices

	S&P/TSX Composite	S&P/TSX Financial Index	Real Estate Stocks Unweighted	REITs Unweighted	S&P/TSX REIT Index	Bloomberg U.S. REIT Index	UBS Bloomberg CMCI Composite USD Total Return Index
2001	-13%	NA	**21%**	**22%**	30%	14%	-15%
2002	-12%	-3%	**5%**	**9%**	7%	4%	21%
2003	27%	28%	**32%**	**25%**	26%	36%	28%
2004	15%	19%	**17%**	**15%**	14%	32%	28%
2005	24%	24%	**20%**	**19%**	25%	12%	38%
2006	17%	18%	**34%**	**28%**	25%	36%	20%
2007	10%	-1%	**-11%**	**1%**	-6%	-17%	23%
2008	-33%	-36%	**-51%**	**-34%**	-38%	-38%	-33%
2009	35%	46%	**79%**	**59%**	55%	30%	33%
2010	18%	9%	**47%**	**25%**	23%	29%	18%
2011	-9%	-4%	**21%**	**13%**	22%	8%	-7%
2012	7%	17%	**22%**	**18%**	17%	19%	3%
2013	13%	27%	**2%**	**-4%**	-6%	2%	-7%
2014	11%	13%	**-3%**	**11%**	10%	29%	-19%
2015	-8%	-3%	**-10%**	**9%**	-5%	3%	-24%
2016	21%	24%	**11%**	**19%**	18%	9%	17%
2017	9%	13%	**14%**	**12%**	10%	9%	8%
2018	-9%	-7%	**-9%**	**1%**	6%	-5%	-10%
2019	23%	24%	**34%**	**26%**	24%	27%	11%
20 Years (2000-2019)	8%	12%	**14%**	**14%**	14%	13%	7%
15 Years (2005-2019)	9%	11%	**13%**	**14%**	12%	10%	5%
10 Years (2010–2019)	8%	11%	**13%**	**13%**	12%	13%	-1%
20-Jan	2%	2%	**1%**	**3%**	4%	1%	-7%
20-Feb	-6%	-5%	**4%**	**-4%**	-3%	-7%	-5%
20-Mar	-17%	-18%	**-32%**	**-32%**	-27%	-19%	-15%
20-Apr	11%	2%	**7%**	**11%**	6%	9%	-2%
20-May*	3%	1%	**-8%**	**-2%**	0%	0%	7%
2020 YTD*	-10%	-18%	**-30%**	**-26%**	-22%	-16%	-21%

Note: Total returns assume distributions/dividends are reinvested in the index. 10-, 15- and 20-year returns are compound annual returns.

*As at May 27, 2020

Source: Bloomberg and CIBC World Markets Inc.

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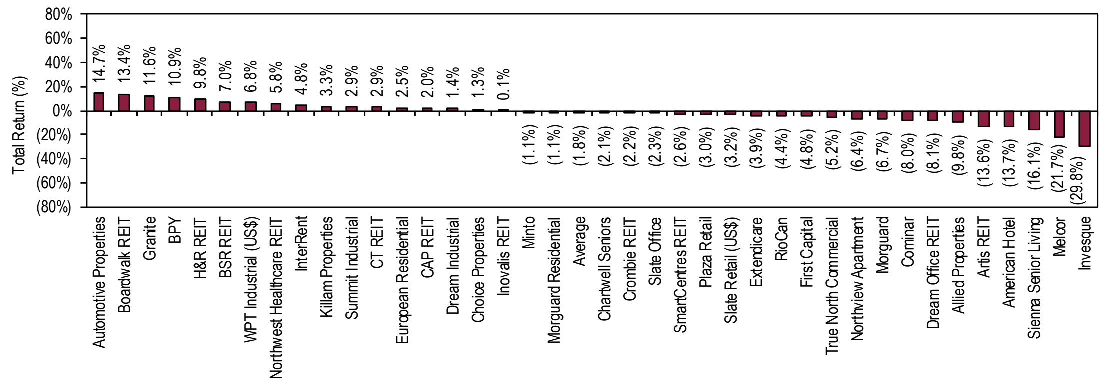
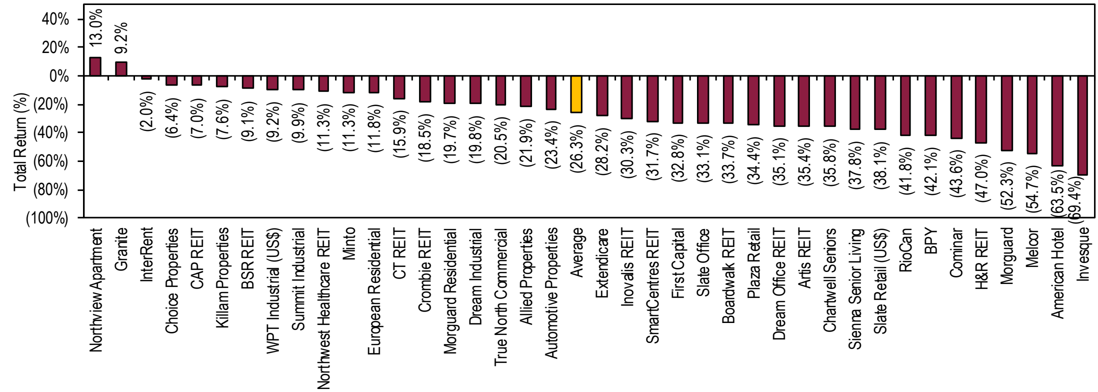
Exhibit 13: Total Return (%), May 2020*



*As at May 27, 2020

Source: FactSet and CIBC World Markets Inc.

Exhibit 14: Total Return (%), YTD 2020*



*As at May 27, 2020

Source: FactSet and CIBC World Markets Inc.

Exhibit 15: 2020 YTD* Comparative Returns Summary

	Currency	Price Appreciation (%)	Total Return (%)
S&P/TSX Index	C$	-11.40%	-10.00%
S&P/TSX REIT Index	C$	-23.60%	-22.10%
Bloomberg REIT Index (U.S. REITs)	US$	-17.10%	-16.00%

*As at May 27, 2020

Source: Bloomberg and CIBC World Markets Inc.

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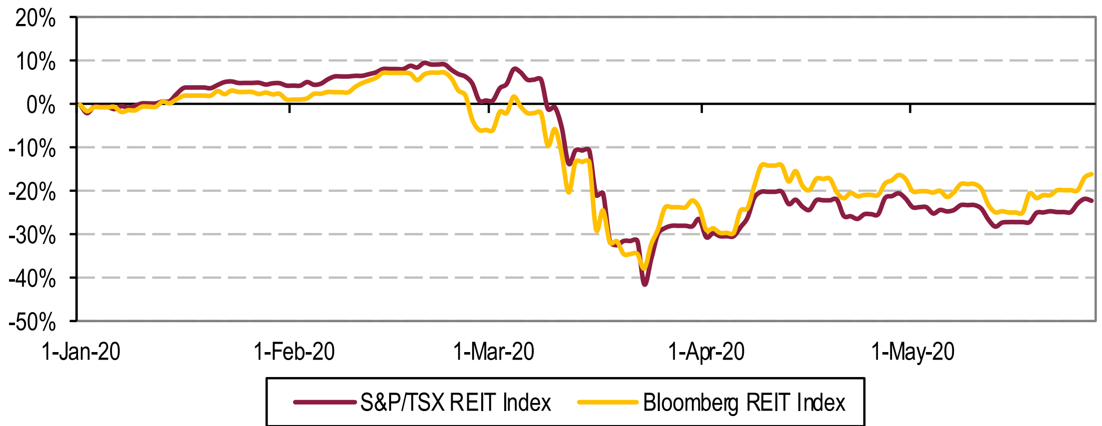
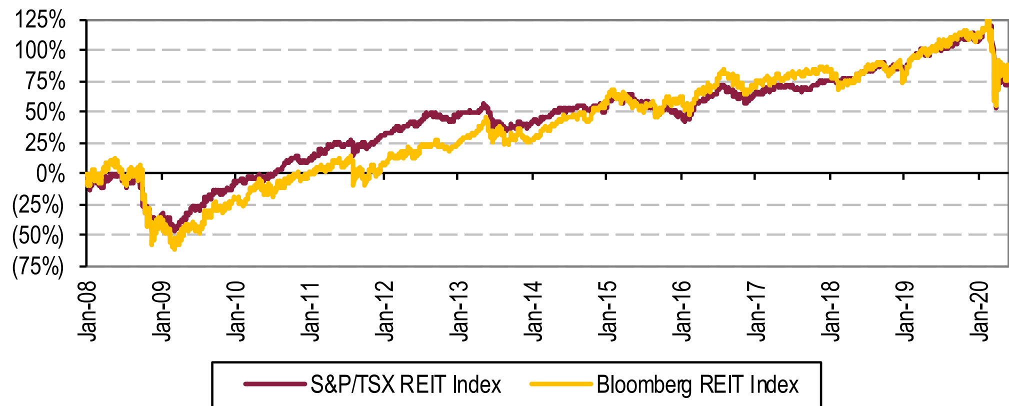
Exhibit 16: 2020 YTD* Comparative Total Returns (Local Currency)



*As at May 27, 2020

Source: Bloomberg and CIBC World Markets Inc.

Exhibit 17: 2008–2020 YTD* Comparative Returns (Local Currency)



*As at May 27, 2020

Source: Bloomberg and CIBC World Markets Inc.

Exhibit 18: REIT Total Returns By Property Type (%)

Property Type	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD 2020*
Apartments	-3.70%	-18.20%	30.80%	28.70%	21.30%	19.70%	-7.90%	13.00%	6.00%	22.90%	16.90%	12.80%	27.60%	-9.90%
Hotel	15.80%	-46.80%	24.60%	16.90%	-30.50%	-11.30%	28.10%	20.70%	4.00%	23.60%	-2.80%	-24.70%	24.70%	-63.50%
Diversified	-4.60%	-33.40%	75.10%	29.20%	22.90%	14.80%	-2.50%	6.30%	-5.50%	20.20%	8.80%	-2.70%	18.60%	-45.80%
Office	-9.10%	-33.70%	65.90%	18.20%	13.60%	25.40%	-7.40%	4.00%	-0.60%	17.20%	21.90%	-2.30%	31.60%	-25.40%
Retail	-4.60%	-33.90%	63.60%	25.00%	19.20%	17.40%	-4.10%	9.20%	8.40%	17.00%	2.80%	-3.70%	25.20%	-24.50%
Industrials	-32.20%	-62.70%	106.00%	81.10%	12.10%	25.40%	-1.60%	5.00%	5.00%	22.40%	18.40%	19.40%	31.50%	-7.50%
Retirement	13.50%	-44.80%	59.70%	14.60%	6.10%	19.30%	-5.30%	22.80%	61.10%	11.50%	10.00%	-13.60%	18.70%	-42.80%
Average – Overall	0.60%	-33.70%	59.10%	25.00%	12.70%	17.90%	-3.60%	10.90%	9.30%	18.70%	11.70%	1.50%	26.10%	-26.30%
Average – Ex Hotels	-2.30%	-32.30%	63.00%	25.90%	16.00%	20.00%	-6.10%	10.30%	9.60%	18.40%	12.10%	2.10%	26.10%	-25.30%

*As at May 27, 2020

Source: Bloomberg and CIBC World Markets Inc.

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Key Investment Themes

In thinking about the path of potential REIT returns through the end of the year, we would suggest that the single most important driver (for REITs and the broader market) will be the pace of the recovery from the COVID-19 pandemic. To this end, we will be the first to admit that we have relatively low confidence in estimating the sustainability of the recovery that appears to be occurring at this time.

In addition to the pace of the COVID-19 recovery, we believe that a number of other themes could have an impact on the path of potential returns within the REIT complex (although they will likely take a backseat to the pandemic over the immediate near term).

Interest Rates: Interest rates in many countries across the globe are near record lows. At this time, we believe that significant upward pressure on rates is unlikely. Should the COVID-19 pandemic prove to be short-lived, we believe that the "lower-for-longer" interest rate narrative is likely to remain a central theme across the investment universe, which should, in turn, provide a favourable backdrop for real estate valuations. We would also stress that the eventual path of REIT returns is determined more so, we believe, by the embedded term structure of the curve than by the absolute rate move in and of itself. That being said, excessive moves in benchmark bond yields (either way) have represented good trading opportunities for the space historically – to the extent that rate volatility could increase over the course of 2020, alpha generation may be rooted in a more active approach to risk management and active trading strategies.

Momentum – Volatility Was Low (And Now It Isn't): Recall that the real estate sector has for some time (over the past few years) screened favourably for quantitative investment strategies such as Low Volatility and Momentum. At the beginning of the year, we had suggested that sectors that have exhibited near-term positive momentum often represent a disproportionate weighting relative to benchmarks (i.e., we believed that Low Volatility funds had a real estate weighting that was well in excess of Real Estate's weighting in the broader composite index). Implicit in that assumption was that some of the premium afforded to many REITs was a result of quantitative funds flows, and any increase in volatility and/or degradation in momentum could manifest itself in a sell-side imbalance. This dynamic appears to have played out, as the so-called "momentum trade" seems to have reversed.

Valuation – More Important In The Long Term: The sharp decline in REIT prices resulting from the COVID-19 pandemic has resulted in valuation levels that are well below historical averages on both a P/FFO and P/NAV basis, although there are some exceptions (notably the apartment and industrial REITs). Key takeaways from our work on valuation are: 1) most REITs are trading below 2010-2019 trough valuations, but are still above Great Financial Crisis (GFC) troughs; 2) prior valuation troughs are a poor indicator of "price floors" given the nature of the current crisis (we believe sentiment will trump valuation in the near term); 3) the underlying value of the real estate has for the most part seen only a modest deterioration, and most REITs do exhibit tremendous valuation optionality (especially in a "quick recovery" situation); and, 4) valuation levels vary significantly across asset classes, with the hotel, seniors, and diversified asset classes trading at the largest discounts to NAV. Looking further out, we would expect the prevailing interest rate environment at that time to lay the foundation for valuations (a lower-for-longer rate environment is generally positive for the sector).

Don't Discount Development: With acquisition spreads narrowing over the past few years (largely a reflection of declining cap rates), internal growth opportunities such as development, re-development, and intensification have taken center stage for many Canadian REITs (especially across the retail sector). For the time being, we would expect development efforts to generally be pushed out until the COVID-19 situation dissipates.

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However, over time, we expect many REITs to increase their focus (and disclosure) on these value-surfacing initiatives, which we wholeheartedly welcome – what may remain a question, longer term, will ultimately be the funding mechanism for the eventual completion of such plans and at what point the market will ultimately begin to give credit for such.

Balance Sheets And Debt Maturities: We are several years into a low rate cycle and, as a result, we have for some time called for the emergence of increasing rates on debt rolls (as we believed that low-cost financings put into place over the past five years would eventually hit the point where they started to turn higher). However, given the largely unforeseen current interest rate environment (i.e., rates are far lower than the vast majority would have predicted), the dynamic of favourable debt rolls looks to be a tailwind that may persist over the foreseeable future.

Pace Of COVID-19 Recovery To Dictate Path Of REIT Returns

The impact of the current pandemic situation has prompted the real estate complex to sell off to a magnitude that we suggest is perhaps disproportionate to the long-term value of the underlying assets. And while this circumstance likely represents an opportunity not seen since the 2008 global financial crisis, we are also pragmatic enough to recognize that the “unknown unknowns” will dominate the tape for the foreseeable future. Unlike the 2008 period, however, which was a banking crisis that permeated the economy, this is a pandemic that has entered the financial community. We would note that debt is the de facto lifeblood to real estate, and a widespread freezing of credit could have a lasting impact on not just real estate but on the broader economy at large.

Needless to say, we don’t have much clarity on what the ultimate impact from the COVID-19 outbreak will be on the commercial property environment. From our conversations with participants, there could be some temporary dislocations in the near term. Once the economy restarts, and the majority of us are no longer at home, most of the fundamental market forces that were under way in the various asset classes should resume, albeit potentially at a more measured pace – that which was working will in all likelihood continue to do so.

Ultimately, we believe that the path of potential returns within the real estate complex will be driven by a number of factors. First and foremost, the recovery time associated with COVID-19 will be of great importance. In an optimistic/base case scenario, where the current recovery continues, and a material “second wave” is avoided, we would generally expect a strong “reversion trade” (i.e., those REITs that have seen the largest price declines are likely to deliver the highest torque on the upside). Alongside the length of the situation/recovery time, the prospects of a prolonged recession will most likely be considered by most market participants. To the extent that a deep and elongated recession looks increasingly likely, we would expect those REITs that are generally more economically defensive to outperform. Under a more pessimistic scenario, in which the COVID-19 situation does not show any indication of improvement for many months, the potential impact to REIT cash flows could be material (as rent deferment begins to compound and rent abatement could become a more realistic dynamic). Should this occur, those REITs with the highest available liquidity and most resilient balance sheets are most likely to outperform.

In general, we believe that the real estate complex is well capitalized as the use of leverage has fallen significantly since the GFC. Most REITs have sufficient liquidity to “cover” between four to 14 months of their top line (with an average of eight months), which we believe is more than sufficient to absorb a temporary economic shock without stressing balance sheets beyond repair. Indeed, we believe that many industries are in as good, if not better, shape from a current liquidity perspective – in a prolonged period of economic stress it’s possible that all of this liquidity is called upon contemporaneously and might have the impact of stressing the banking system to the point that credit does get curtailed. While that’s certainly not our base-case assumption, and we have seen multiple advances of increased credit facilities for REITs (at more advantageous terms we might add) since the pandemic started, it’s a risk that can’t nor shouldn’t be ignored.

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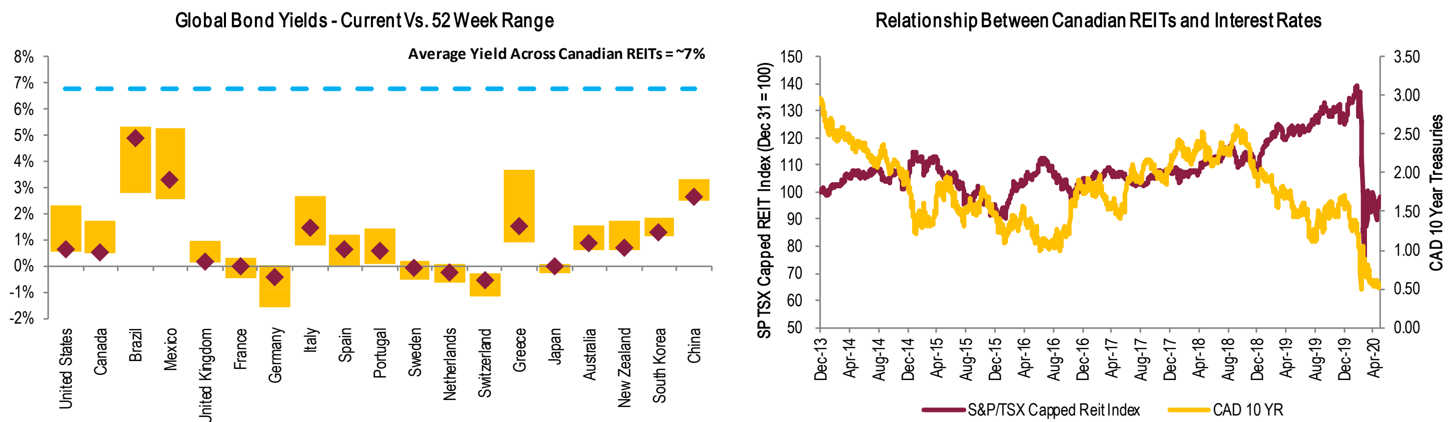
For a more detailed discussion on how COVID-19 could potentially impact the REIT sector, please see our recent note **here**.

Interest Rates: Lower For Longer?

While the prevailing interest rate environment is always a key consideration in evaluating valuation levels within the REIT complex, we believe rate levels will likely take a back seat to the market's broader sentiment in regards to the COVID-19 situation for the foreseeable future. As such, the discussion below should be read within the context of an improving COVID-19 situation.

As we illustrate in the exhibit below, while the relationship is far from perfect, sharp pullbacks/increases in CAD 10-year Treasuries have had an inverse impact on the return profile of Canadian REITs (this was particularly evident in 2019).

Exhibit 19: A Lower-for-longer Yield Environment Generally Benefits All Yield-oriented Sectors



Source: Bloomberg, FactSet and CIBC World Markets Inc.

To this end, we are of the view that within an increasingly benign interest rate environment, valuation levels across all yield-oriented investments are likely to find support at levels that are higher than they have been historically (all things equal, of course). All this is to say that:

- Once the COVID-19 situation is in the rear-view mirror, if interest rates remain at such low levels, a rebound to pre-COVID valuation levels is plausible.
- The entire complex should continue to demonstrate a heightened volatility to any sharp (i.e., unexpected) moves in interest rates (…again, assuming a recovery from COVID-19).
- Should long-term interest rates increase, or should the yield curve steepen, valuation levels are more likely to eventually revert closer to historical levels (i.e., not the elevated pre-COVID-19 levels).

Taking a step back, we would note that while much attention is given to the directionality of long-term interest rates, the flattening/steepening of the yield curve has proven to be a more accurate harbinger of REIT performance (with REITs delivering higher returns when the yield curve flattens, and vice versa). We demonstrate the high correlation between REIT performance and the structure of the yield curve in the exhibit below.

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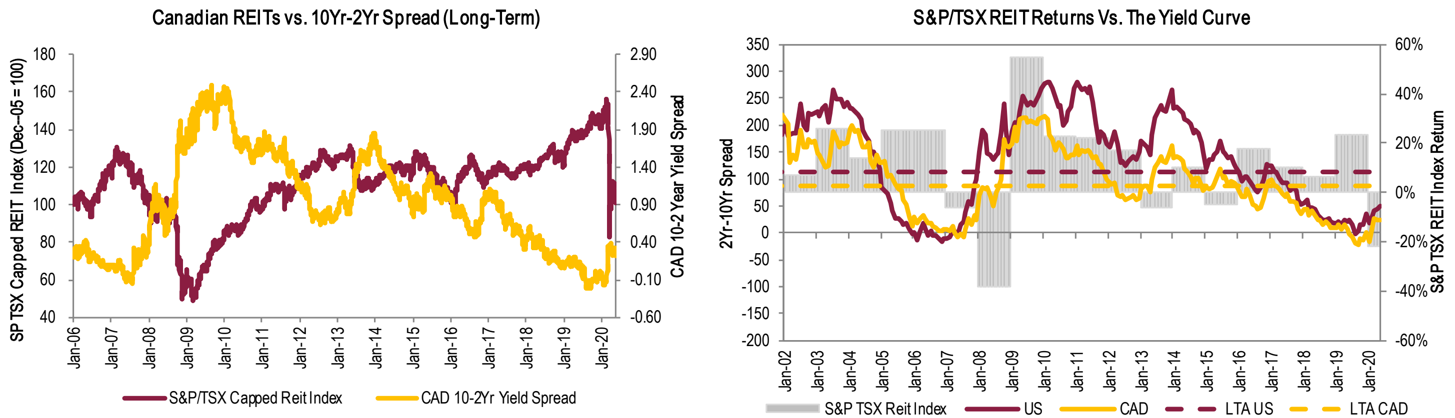
Exhibit 20: The Term Structure Of The Yield Curve Drives REIT Performance

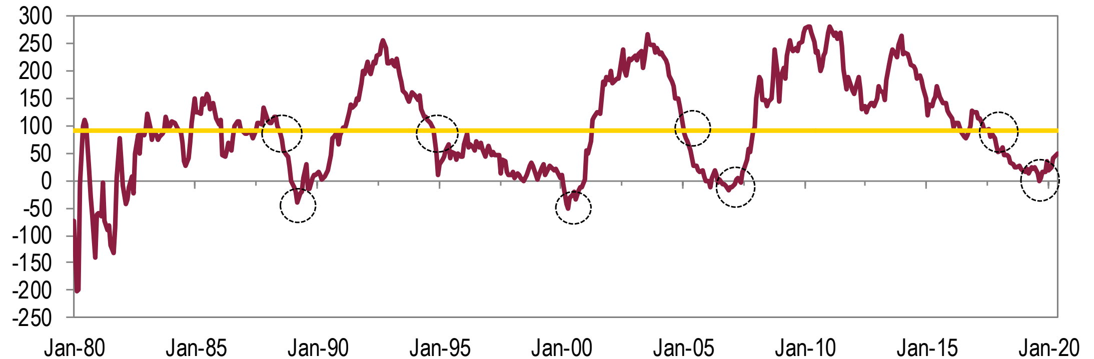


Source: FactSet and CIBC World Markets Inc.

Looking at the longer-term trend in two- to 10-year spreads, several things stand out:

- Over time, the slope of the yield curve has been extremely volatile, having been inverted by as much as 200 bps during recessionary periods and widening in excess of 250 bps during economic expansions.
- Like most time series data, the spread tends to be mean reversionary and, despite a fairly wide dispersion, tends to anchor to its long-term average spread of ~100 bps.
- Every time the trend line has broken this long-term average from prior highs, the mean reversion has manifested itself in an inverted curve. From current levels, the potential for a steepening of the yield curve is a risk that cannot be ignored.

Exhibit 21: U.S. Generic Government Two- To 10-year Spread



Source: Bloomberg and CIBC World Markets Inc.

With the combination of modest potential cash flow impacts if interest rates rise, current NAVs already incorporating slightly higher interest rates, and progress on delivering and refocusing on value creation, we expect Canadian REITs are positioned to perform relatively well should a modestly higher interest rate environment emerge. While REITs tend to, and should be expected to, sell off during periods of sharply rising bond yields, we expect any such material downward pressure could present attractive opportunities to buy Canadian REITs, particularly for investors with an income orientation and a longer-term focus.

CIBC Economics anticipates that the GoC 10-year bond yield should remain relatively low through 2020.

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Exhibit 22: CIBC World Markets' Interest Rate Forecast (%)

	Current	2020		
End Of Period:	27-May-20	Jun	Sep	Dec
98-Day Treasury Bills	0.26	0.35	0.30	0.20
Chartered Bank Prime	2.45	2.45	2.45	2.45
10-Year Gov't. Bond	0.54	0.70	0.85	0.85
30-Year Gov't. Bond	1.09	1.25	1.30	1.55

Source: Bank of Canada, FactSet and CIBC World Markets Inc.

Momentum: It Works, Until It Doesn't

While momentum investing (in its crudest definition, investing in stocks based on the premise that the continuation of an existing market trend is likely to occur) has been a well-known concept/strategy for some time (i.e., the pioneering research behind the strategy occurred before the turn of the millennium), the rising prominence of quantitative investing has resulted in an increase in AUM that is specifically dedicated to the strategy.

Consider that our strategy team estimates that over 20% of Canadian stocks are now owned by entities using at least some quantitative discipline for security selection. Further, "Low Volatility" and "Momentum" are among the most common "factors" screened by quantitative investors; of note is that many stocks that screen well on one of these factors also screen well on the other (i.e., there is oftentimes significant overlap between a portfolio of stocks that screen well on low volatility and a portfolio that screens well on momentum – coincidence or causality?).

So why does this matter for REIT investors? We believe, even if at the margin, that momentum was a significant driver of the premium valuations afforded to REITs over the course of the past few years. In support of this thesis, we note that industry research suggested (in late 2019) that the REIT sector had in recent times screened increasingly well for inclusion in "low volatility" portfolios and, therefore, by extension, momentum portfolios.

Further, our research indicated that a sector can very quickly become "out of favour" from a momentum/low volatility perspective. Our key takeaway from the above was straightforward – any increase in volatility and/or degradation in momentum may manifest itself in a sell-side imbalance (a dynamic which has since played out); to the extent that valuation is, in its simplest form, a function of supply and demand, the premium afforded to the REIT sector (pre-COVID-19) was at least partially a result of funds flow in a growing pool of invested assets, which, given its mathematical nature, was not necessarily long-term committed capital.

Where do we go from here? We suspect (while fully acknowledging that we are by no means experts in such matters) that given the real estate sector's underperformance YTD, the complex will no longer screen positively for most quant investors. As such, we believe that the tailwind of being part of the "momentum trade" has all but abated. Indeed, we note the recent rebalancing of the TSX Low Vol Index took the real estate weight significantly down.

In an attempt to illustrate the impact that momentum can have on REIT returns on an individual stock basis, we provide in the exhibit below the average valuation of the most "expensive" and most "cheap" REITs since 2010 (i.e., the top and bottom 15% of REITs on a P/FFO basis). As per the chart, momentum has been particularly strong since mid-2017 (primarily favoring the industrial and residential sub-sectors), with the difference between the most expensive and cheapest REITs reaching a high of ~19x in early March 2020 (vs. an average spread of ~9x). We would note that the spread has since declined to ~15x.

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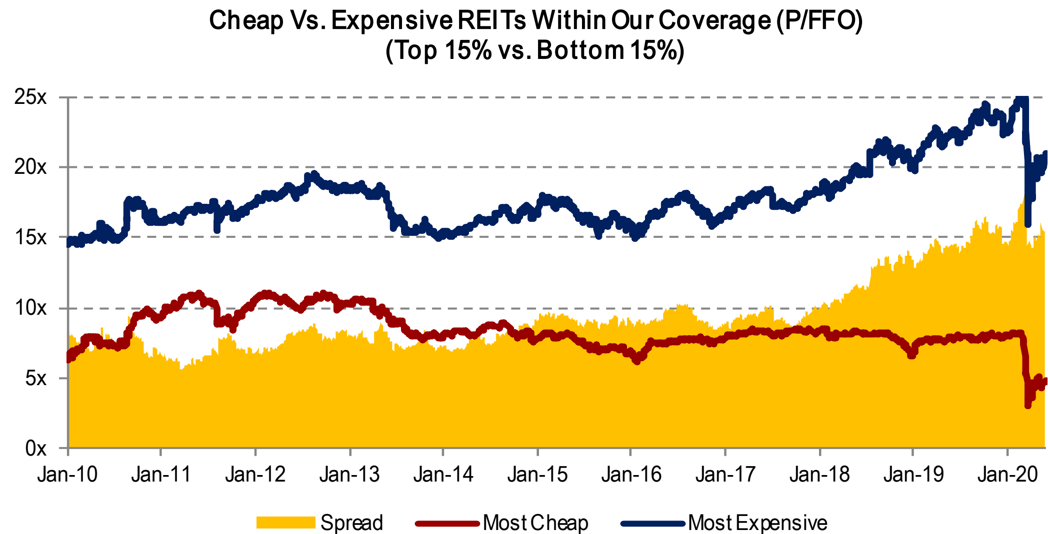
Exhibit 23: Momentum Has Been Particularly Strong Over Past Two Years



Source: FactSet and CIBC World Markets Inc.

Valuation – More Important For The Long Term

Canadian REITs (broadly defined by our coverage universe) are trading at valuations (overall) that are below long-term historical measures on both a multiple (P/FFO) and NAV basis. However, the COVID-19 pandemic is a unique situation, and valuation levels need to be evaluated within this context. To this end, we would note the following:

- Many REITs are trading below 2010-2019 trough valuations, although residential and industrial REITs are a notable exception. Most REITs are still above GFC trough.
- Prior valuation troughs are a poor indicator of “price floors” given the nature of the current crisis (we believe sentiment will trump fundamentals and valuation levels in the near term).
- The underlying value of the real estate has for the most part seen only a modest deterioration, and most REITs do exhibit tremendous valuation optionality (especially in a “quick recovery” situation).
- Valuation levels vary significantly across asset classes, with the hotel, seniors, and diversified asset classes trading at the largest discounts to NAV.
- Looking further out, we would expect the prevailing interest rate environment at that time to lay the foundation for valuations (a lower-for-longer rate environment is generally positive for the sector).

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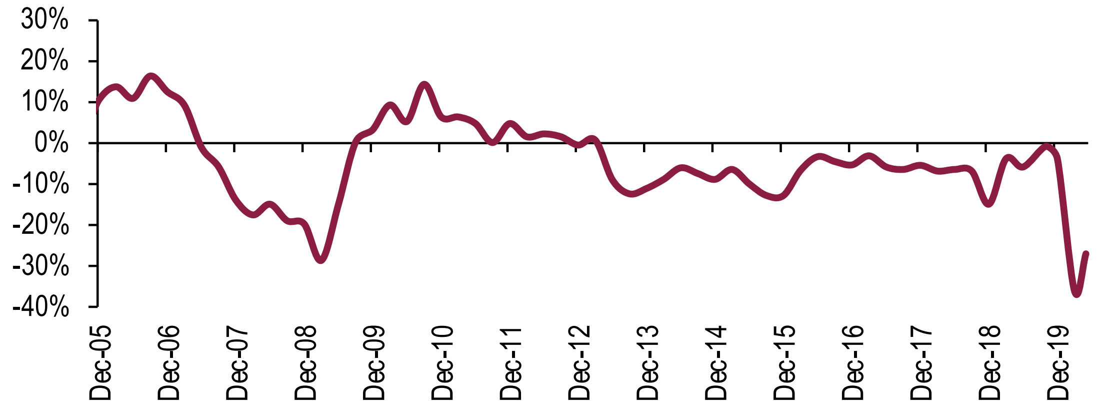
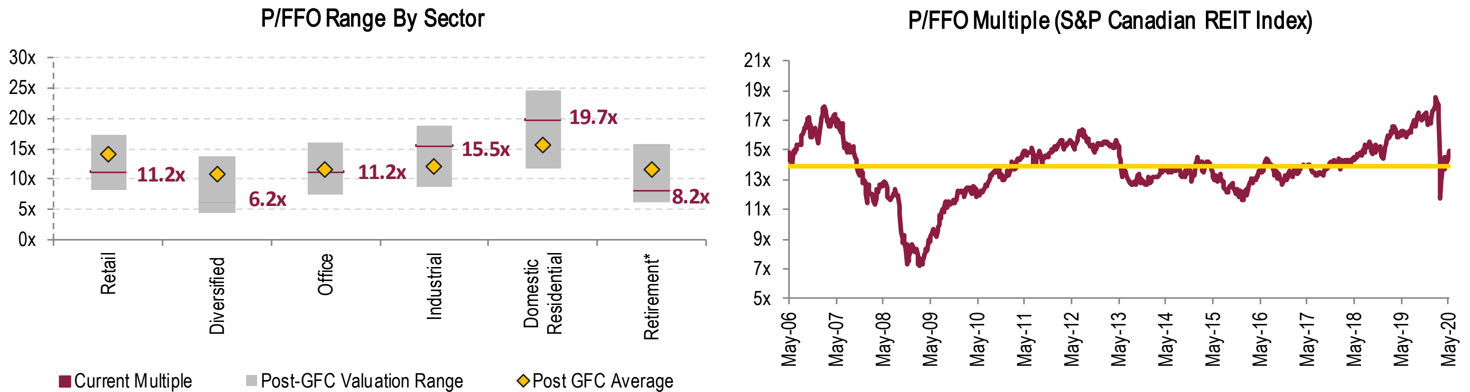
Exhibit 24: Canadian REITs – Historical Discount To NAV



Source: FactSet and CIBC World Markets Inc.

Compared to historical valuations, current REIT prices (with the S&P/TSX Canadian REIT Index serving as a proxy) reflect an average NTM FFO multiple of 14.9x, essentially in line with the five-year average of 14.2x and post-Great Financial Crisis (2010 onwards) average of 14.1x. However, we believe that forward FFO estimates are a poor indicator of the longer-term cash flow potential of the underlying real estate of most REITs given the presumably short-term impact of COVID-19 on cash flows and, as a result, we place relatively low importance on P/FFO multiples at this time (P/NAV is our preferred measure).

Exhibit 25: P/FFO Range By Sector; P/FFO NTM Multiple Since 2006



Source: FactSet, Bloomberg and CIBC World Markets Inc.

REITs with below-average multiples that have experienced significant multiple contraction may carry an overall lower valuation risk profile, such as certain REITs within the diversified, retail and retirement sectors (which are generally trading at below-average multiples) vs. the apartment and industrial sub-sectors, which are trading near (and even above) historical multiple averages. We expect large deviations from historical averages to revert to said averages over time, barring any material change that could impact the long-term fundamentals of the underlying asset.

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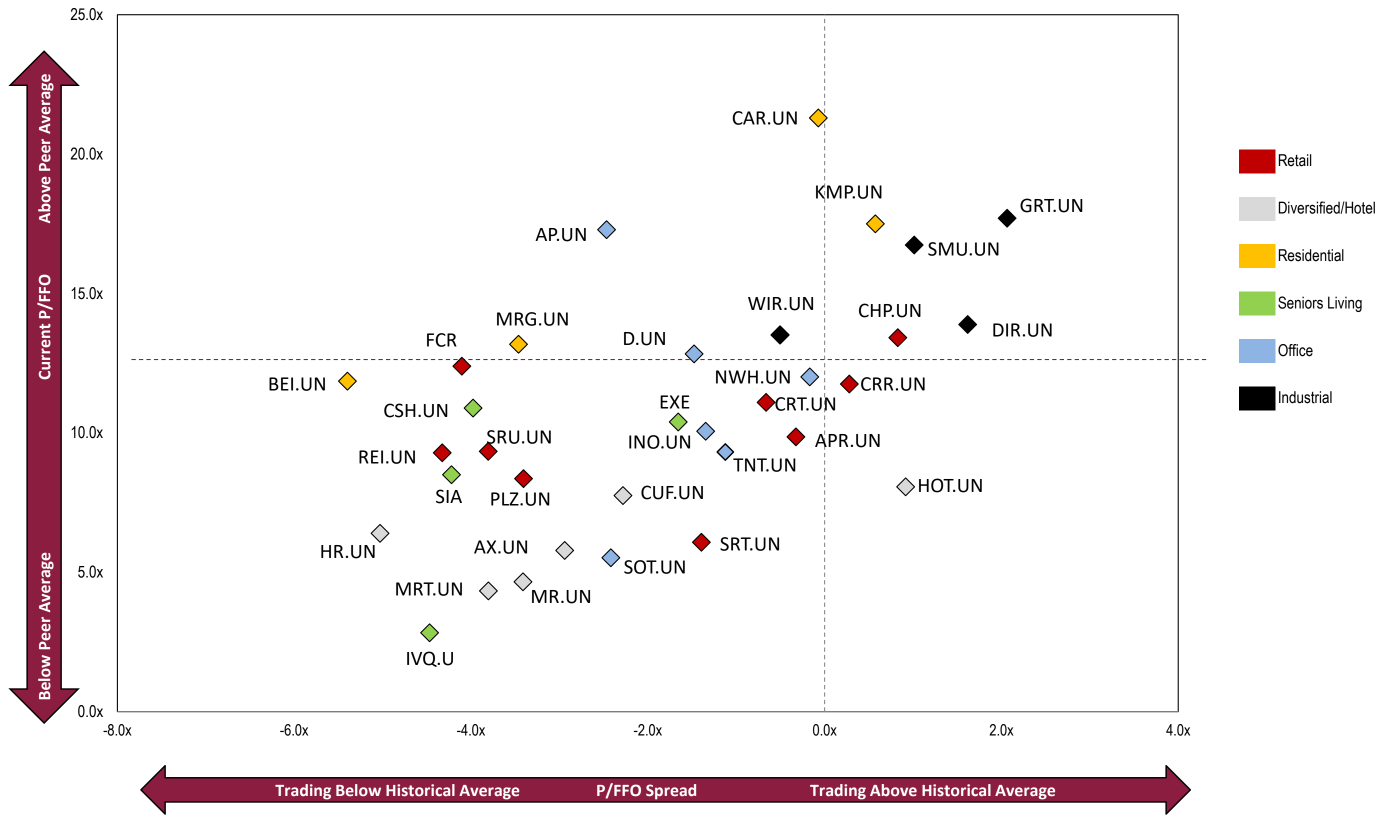
Exhibit 26: Mean Reversion: P/FFO (NTM Consensus)



Source: FactSet and CIBC World Markets Inc.

In the section below, we provide a PEGY analysis for the Canadian REIT sector. We believe this measure can provide a meaningful supplemental valuation metric for those investors who focus on the P/FFO valuation metric, as it helps explain away differences in valuation that can be rightfully attributable to expected future growth prospects.

Exhibit 27: CIBC PEGY By Sub-sector

	FFO Growth (20E/21E)	Yield	Total Growth	Forward P/FFO	PEGY
Retail					
Shopping Centre	4.9%	7.2%	12.1%	11.2	1.0
Small Cap Retail	5.1%	11.6%	16.6%	8.3	0.5
Total Retail	**5.0%**	**9.0%**	**13.9%**	**10.1**	**0.8**
Residential					
Domestic Residential	7.7%	3.3%	11.0%	19.6	2.0
International Residential	9.1%	4.0%	13.1%	16.5	1.4
Total Residential	**8.2%**	**3.5%**	**11.7%**	**18.5**	**1.8**
Office					
Domestic Office	6.2%	7.5%	13.7%	11.1	0.9
International Office	5.0%	9.6%	14.6%	11.4	0.9
Total Office	**5.8%**	**8.2%**	**14.0%**	**11.2**	**0.9**
Industrial	**4.5%**	**5.7%**	**10.2%**	**14.9**	**1.6**
Diversified	**6.1%**	**9.0%**	**15.1%**	**6.4**	**0.5**
Seniors	**9.2%**	**6.1%**	**15.3%**	**8.6**	**0.9**
Average All Sectors	**6.4%**	**6.8%**	**13.2%**	**13.2**	**1.1**

Source: FactSet and CIBC World Markets Inc.

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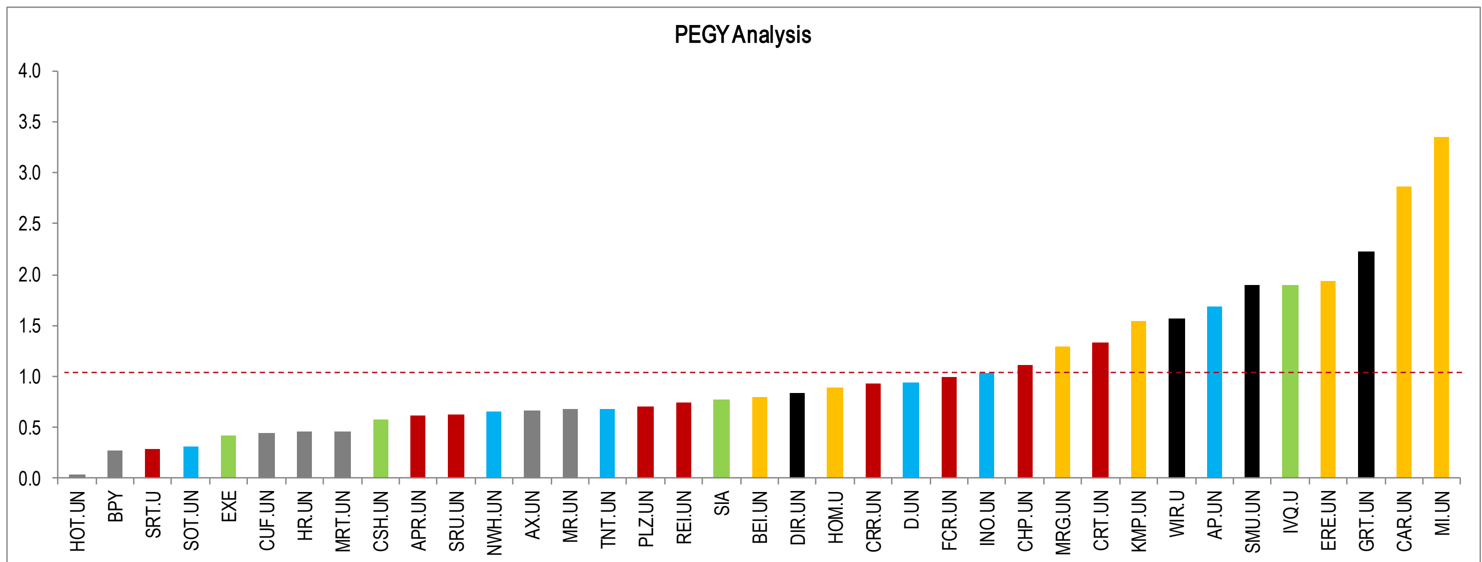
With the average REIT trading at a PEGY of 1.1x, we use this as the benchmark in comparing whether an asset class is relatively cheap/expensive after controlling for its respective growth prospects. We find that domestic residential REITs continue to trade at a relative high of a 2.0x PEGY, which suggests that investors are paying substantially more for potential growth (after accounting for yield as well) in this sub-sector. On the other hand, the diversified asset class screens particularly well, which is partially a reflection of the very high yield currently being offered by diversified REITs.

In the exhibit below, we illustrate the PEGY of individual REITs under our coverage, and observe the following:

- CAR.UN and MI.UN screen as the most expensive REITs within our coverage space on a PEGY basis.
- Retail REITs as a sub-sector have a PEGY that is slightly below the broader Real Estate sector, but there is a large divergence within this sub-sector (SRT.UN, APR.UN, and SRU.UN screen most favourably).
- While Diversified REITs screen favourably as a whole, one should acknowledge the "diversification discount" typically applied to these REITs. We prefer high-quality names within the sub-sector, such as BPY and HR.UN.

Exhibit 28: PEGY Analysis By REIT



Source: FactSet and CIBC World Markets Inc.

The spread between REIT yields and the GoC 10-year bond yield, after generally declining over the past few years, has blown out since the beginning of the COVID-19 pandemic, and is well above the long-term average seen during non-credit-crisis periods. The current spread of 577 bps is ~245 bps above the average of 332 bps during 2002-2007 inclusive (and a 2007 low of 133 bps). Notably, the spread remained largely close to or above 400 bps from mid-2011, when the 10-year GoC dropped sharply, below 3.0%, through until late 2013 and then again for most of 2014 and 2015. A significantly wider-than-average spread is suggestive of a valuation "cushion."

In previous instances in 2003, 2010, and 2012, the 500 bps threshold had correctly identified discounted pricing, and the market quickly responded with price gains. Of course, the spread also exceeded the 500 bps threshold in 2008/2009, which ultimately did turn out to be a good buying opportunity, albeit over a slightly longer horizon.

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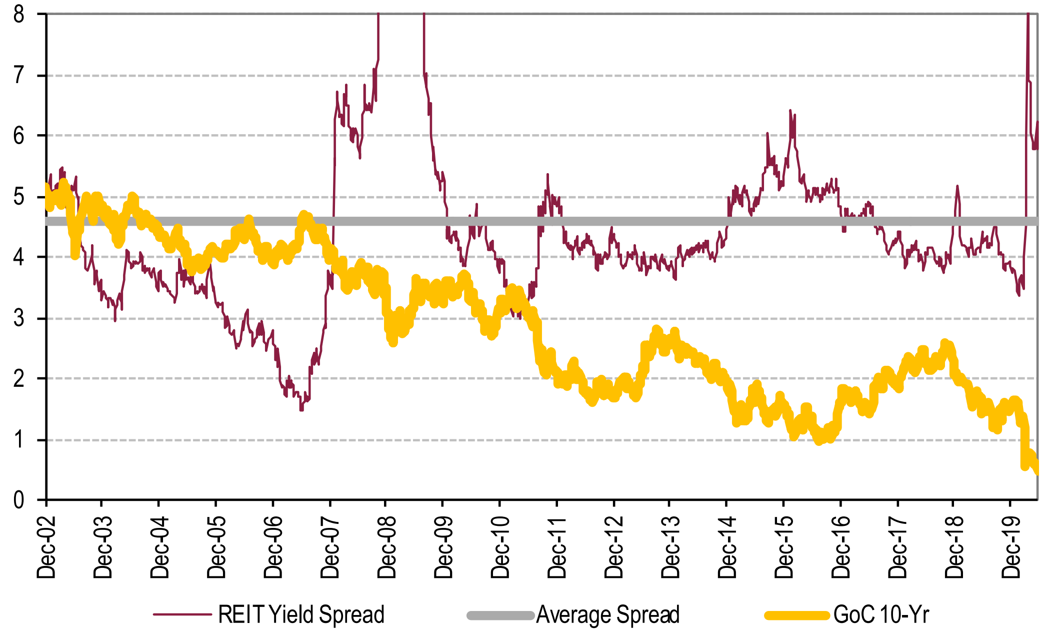
Exhibit 29: REIT Yield Spread History (%)



Source: Bloomberg and CIBC World Markets Inc.

With REIT yield spreads having spent a portion of the most recent cycle at 500 bps or more, we believe our new normal spread range of 350 bps to 500 bps (with a strong buy signal at 600 bps) could be a reliable valuation tool in an environment of more moderate (and in some cases quite soft) property fundamentals, low interest rates, and lower economic growth. All things equal, the current yield spread of ~577 bps would suggest that current prices may prove to offer an attractive entry point for longer-term investors.

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Exhibit 30: Year-end REIT Yield Spreads Versus Following-year Unweighted REIT Returns

Year-end	Year-end REIT Yield Spread	Following-year Unweighted REIT Return
1997	2.70%	-9.90%
1998	6.70%	11.10%
1999	5.50%	18.60%
2000	6.00%	22.00%
2001	3.90%	8.60%
2002	5.40%	25.20%
2003	3.30%	14.70%
2004	3.60%	18.90%
2005	3.20%	27.50%
2006	2.10%	1.00%
2007	3.70%	-33.70%
2008	9.80%	59.10%
2009	4.50%	25.00%
2010	4.00%	12.70%
2011	5.00%	17.90%
2012	4.20%	-3.60%
2013	3.70%	10.90%
2014	4.80%	9.30%
2015	5.40%	18.70%
2016	4.70%	12.20%
2017	4.20%	1.50%
2018	5.10%	26.10%
2019A/2020E	3.90%	NA
Median (1997–2019)	4.40%	13.70%

Source: Bloomberg and CIBC World Markets Inc.

This spread is also somewhat skewed by changing REIT dynamics, as payout ratios have declined over time and the liquidity of REITs has improved dramatically with a material increase of the aggregate market capitalization of the REIT sector since the peak in 2007. If instead of using REIT distribution yields, we use AFFO yields, the spread is more dramatic.

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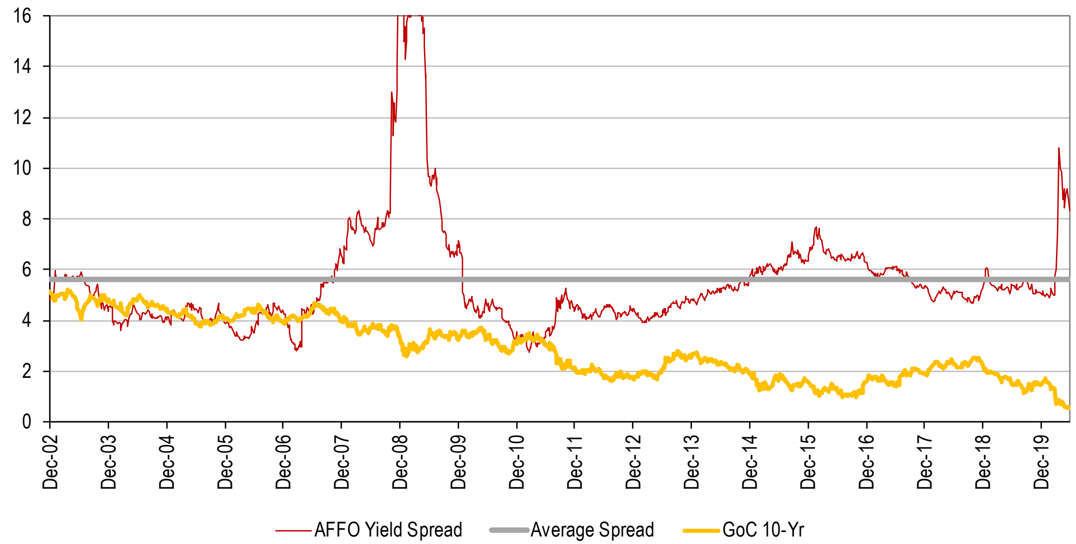
Exhibit 31: REIT AFFO Yield Spread (%)

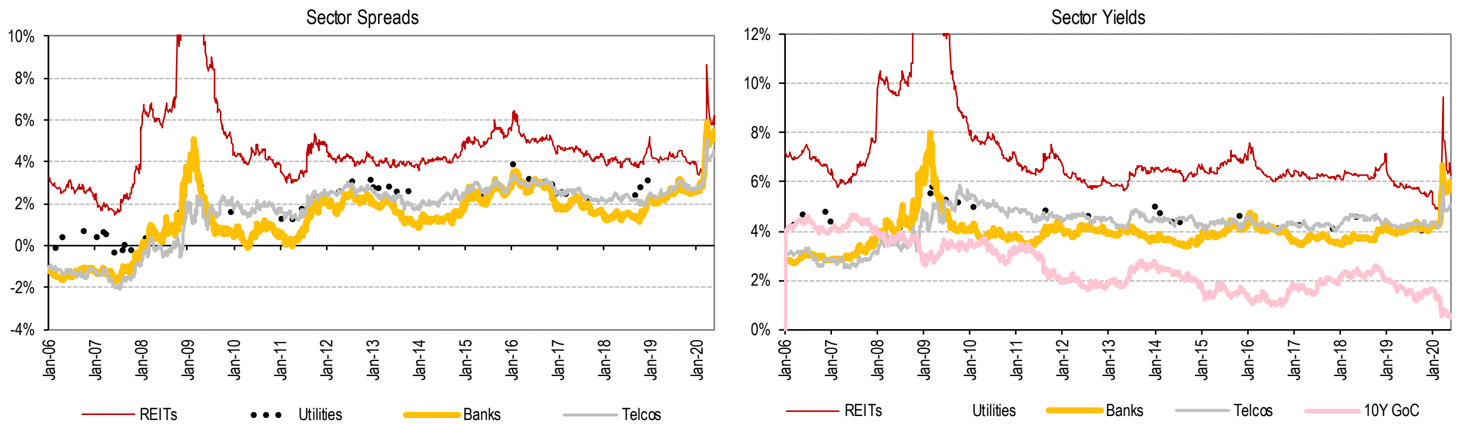


Note: FactSet TTM AFFO estimates used subsequent to May 2009.

Source: FactSet, Bloomberg and CIBC World Markets Inc.

On the surface, REIT valuations look attractive when viewed through the lens of the competitive landscape.

Exhibit 32: Relative Spreads And Yields By Sector



Source: FactSet, Bloomberg and CIBC World Markets Inc.

From a direct property-market cap rate perspective, the picture is perhaps even more compelling. The spread between cap rates for good-quality commercial property (column A, Exhibit below) and real 10-year Government of Canada bond yields (column G, Exhibit below) is 770 bps (column H, Exhibit below), at the widest end of the historical range (above historical average of ~470 bps) over the past 25 years of 90 bps to as much as 770 bps (i.e., now).

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Exhibit 33: Comparison Of Commercial Property Cap Rates (Yields), Nominal GoC Yields, Real GoC Yields, Nominal Corporate A Bond Yields, And Real Corporate A Bond Yields

	Est. Average Commercial Property Yield (Cap Rate)	10-year Nominal GOC Yield	Average Spread: Commercial Property Yield Over Nominal 10-year GOC Yield	10-year Canada Corporate A Bond Yield	Average Spread: Commercial Property Yield Over 10-year Canada Corporate A Bond Yield	CPI	10-year GOC Yield Minus Inflation	Average Spread: Commercial Property Yield (Cap Rate) Over 10-year GOC Yield Minus Inflation	10-year Canada Corporate A Yield Minus Inflation	Average Spread: Commercial Property Yield Over 10-year Canada Corporate A Bond Yield Minus Inflation
Column	A	B	C	D	E	F	G	H	I	J
1988	8.20%	10.00%	-1.80%			4.00%	6.00%	2.20%		
1989	7.90%	10.20%	-2.30%			4.50%	5.70%	2.20%		
1990	7.30%	9.60%	-2.30%			5.00%	4.60%	2.70%		
1991	7.60%	10.30%	-2.70%			6.30%	4.00%	3.60%		
1992	7.40%	8.10%	-0.70%	9.30%	-1.90%	1.60%	6.50%	0.90%	7.70%	-0.30%
1993	7.90%	7.90%	0.00%	7.70%	0.20%	1.80%	6.10%	1.80%	5.90%	2.00%
1994	8.80%	6.60%	2.20%	9.80%	-1.00%	0.20%	6.40%	2.40%	9.60%	-0.80%
1995	8.90%	9.10%	-0.20%	7.80%	1.20%	2.50%	6.60%	2.30%	5.30%	3.70%
1996	9.40%	7.10%	2.30%	6.70%	2.70%	1.40%	5.70%	3.70%	5.30%	4.10%
1997	9.20%	6.40%	2.80%	6.20%	3.10%	1.70%	4.70%	4.50%	4.50%	4.80%
1998	9.00%	5.60%	3.40%	5.70%	3.30%	0.80%	4.80%	4.20%	4.90%	4.10%
1999	8.50%	4.90%	3.60%	7.10%	1.40%	1.70%	3.20%	5.30%	5.40%	3.10%
2000	9.30%	5.90%	3.40%	6.50%	2.80%	2.70%	3.20%	6.10%	3.80%	5.50%
2001	9.00%	5.50%	3.50%	6.40%	2.60%	2.50%	3.00%	6.00%	3.90%	5.10%
2002	9.30%	5.40%	3.90%	5.80%	3.50%	2.30%	3.10%	6.20%	3.50%	5.80%
2003	8.90%	4.80%	4.10%	5.30%	3.70%	2.80%	2.00%	6.90%	2.50%	6.50%
2004	8.60%	4.60%	4.00%	4.90%	3.70%	1.80%	2.80%	5.80%	3.10%	5.50%
2005	8.00%	4.10%	3.90%	4.70%	3.30%	2.20%	1.90%	6.10%	2.50%	5.50%
2006	6.40%	4.20%	2.20%	4.90%	1.50%	2.00%	2.20%	4.20%	2.90%	3.50%
2007	6.20%	4.00%	2.20%	5.20%	1.00%	2.10%	1.90%	4.30%	3.10%	3.10%
2008	6.40%	2.60%	3.80%	6.60%	-0.20%	1.70%	0.90%	5.50%	4.90%	1.50%
2009	7.00%	3.60%	3.40%	4.70%	2.30%	1.70%	1.90%	5.10%	3.00%	4.00%
2010	6.50%	3.10%	3.40%	4.30%	2.20%	1.80%	1.30%	5.20%	2.50%	4.00%
2011	6.50%	1.90%	4.60%	3.40%	3.10%	2.90%	-1.00%	7.50%	1.40%	6.00%
2012	6.00%	1.80%	4.20%	3.00%	3.00%	1.50%	0.30%	5.70%	1.00%	4.50%
2013	6.00%	2.80%	3.20%	3.90%	2.10%	0.90%	1.90%	4.10%	1.90%	3.00%
2014	6.00%	1.80%	4.20%	3.10%	2.90%	1.90%	-0.10%	6.10%	1.20%	4.80%
2015	6.00%	1.40%	4.60%	3.30%	2.70%	1.90%	-0.50%	6.50%	1.40%	4.60%
2016	6.00%	1.70%	4.30%	3.00%	3.00%	1.70%	0.00%	6.00%	1.30%	4.70%
2017	6.00%	2.00%	4.00%	3.10%	2.90%	1.60%	0.40%	5.60%	1.50%	4.50%
2018	6.25%	2.00%	4.30%	3.40%	2.90%	2.20%	-0.20%	6.50%	1.10%	5.10%
2019	6.25%	1.70%	4.60%	2.60%	3.70%	1.70%	0.00%	6.30%	0.90%	5.40%
YTD 2020	**6.50%**	**0.50%**	**6.00%**	**2.20%**	**4.30%**	**1.70%**	**-1.20%**	**7.70%**	**0.50%**	**6.00%**

Source: StatsCan, ICREIM/IPD and CIBC World Markets Inc

We view this spread (column H) as a proxy for the risk premium for investing in real estate. It remains at very wide levels, reflecting moderating fundamentals across Canadian property markets and the current low-interest-rate environment.

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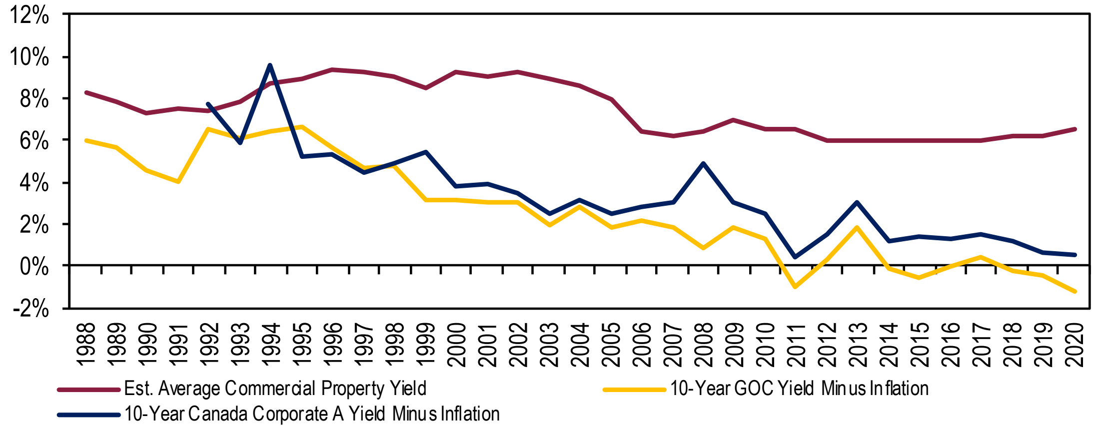
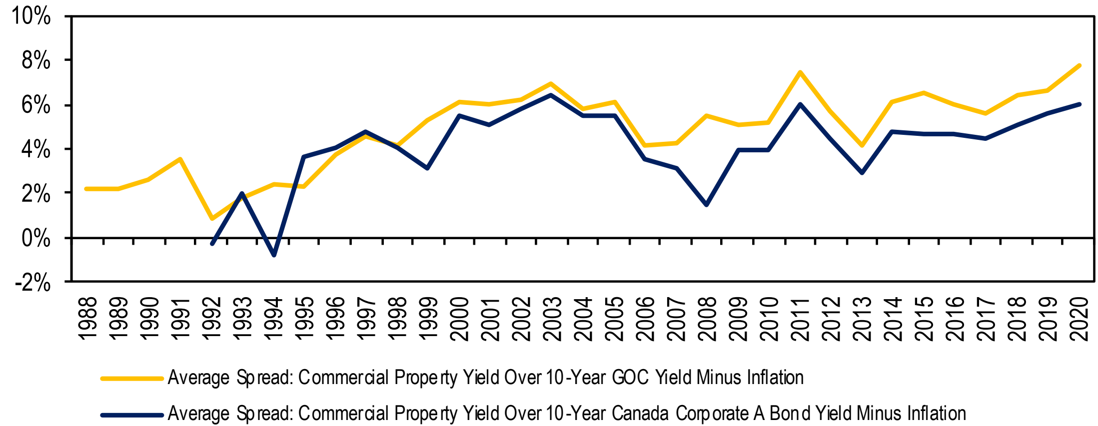
Exhibit 34: Average Commercial Property Cap Rates Vs. Real 10-year GoC Bonds And Real 10-year Corporate A Bond Yields



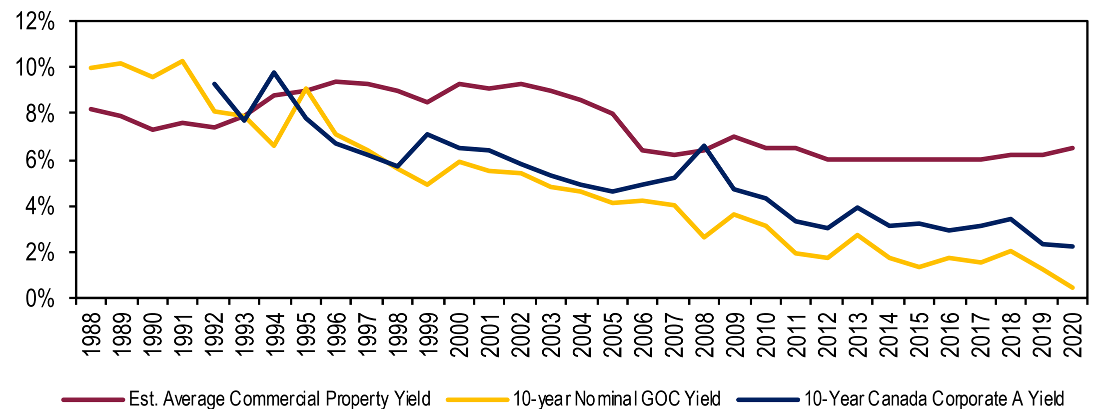
Source: Bloomberg and CIBC World Markets Inc.

Exhibit 35: Average Real Spreads: Commercial Property Cap Rates Vs. Real 10-year GoC Bond Yields And Real 10-year Corporate A Bond Yields



Source: Bloomberg and CIBC World Markets Inc.

Exhibit 36: Average Commercial Property Cap Rates Vs. Nominal 10-year GoC Bond Yields And Nominal 10-year Corporate A Bond Yields



Source: Bloomberg and CIBC World Markets Inc.

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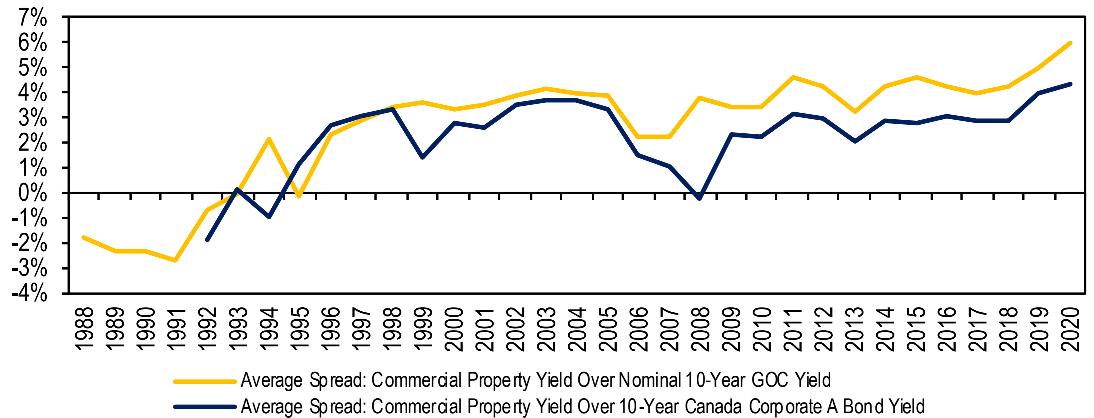
Exhibit 37: Nominal Average Spreads: Average Commercial Cap Rates Vs. Nominal 10-year GoC Bond Yields And Nominal 10-year Corporate A Bond Yields



Source: Bloomberg and CIBC World Markets Inc.

Don't Discount Development

With acquisition spreads narrowing over the past few years (largely a reflection of declining cap rates), internal growth opportunities such as development, re-development, and intensification have taken centre stage for many Canadian REITs. In the immediate near term, we expect the COVID-19 pandemic to result in the postponement (although not outright cancellation) of many development projects.

With that said, we continue to expect development activity to be particularly topical for the retail asset class in 2021 (and thereafter), as many REITs within this sub-sector have made such initiatives a strategic focus. Further, we believe that many retail REITs, especially those with portfolios in core urban areas, are well positioned to deliver; low-density retail properties can be re-developed/intensified into higher-value, mixed-use properties at a substantially lower cost than many competing developers, as the land is already owned by the REIT (note that raw land prices have increased substantially over the past decade).

While this growth strategy offers attractive and significant value-creation opportunities for many Canadian REITs, it is also more complicated and difficult to execute than other strategies. We highlight a number of challenges REITs face in capitalizing on development and intensification opportunities in the exhibit below.

In addition, while development and intensification may be viewed as value-creation activities, we would note that a significant portion of the value "created" through these activities can be more accurately described as value that is being surfaced, as these development sites have seen their values rise substantially on a highest and best-use basis. This, in a sense, means that while Canadian REITs are well positioned to benefit from rising values for developable sites, capital gains recognition constrains (but does not preclude) these REITs' ability to surface, crystalize, and benefit from this rising value.

We expect that demonstrating and gaining recognition from unitholders and security analysts of the value of pipelines and value created through development will require significant additional disclosure and education efforts, which may or may not result in a fuller reflection of value in unit prices.

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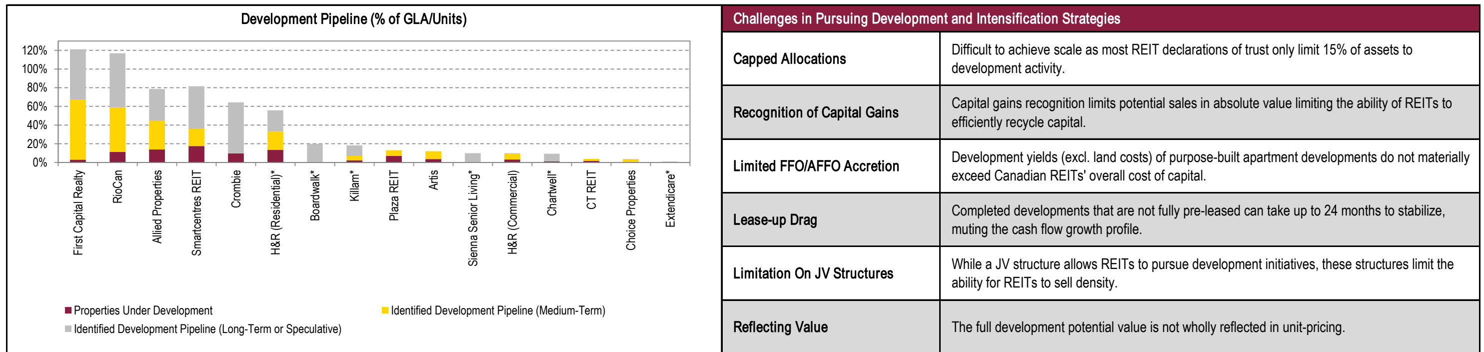
Exhibit 38: Development Pipeline By REIT; Challenges In Pursuing Development Strategy



Challenges in Pursuing Development and Intensification Strategies	
Capped Allocations	Difficult to achieve scale as most REIT declarations of trust only limit 15% of assets to development activity.
Recognition of Capital Gains	Capital gains recognition limits potential sales in absolute value limiting the ability of REITs to efficiently recycle capital.
Limited FFO/AFFO Accretion	Development yields (excl. land costs) of purpose-built apartment developments do not materially exceed Canadian REITs' overall cost of capital.
Lease-up Drag	Completed developments that are not fully pre-leased can take up to 24 months to stabilize, muting the cash flow growth profile.
Limitation On JV Structures	While a JV structure allows REITs to pursue development initiatives, these structures limit the ability for REITs to sell density.
Reflecting Value	The full development potential value is not wholly reflected in unit-pricing.

Source: Company reports and CIBC World Markets Inc.

From a development perspective, we favour those REITs with a meaningful pipeline of potential developments (see exhibit above), demonstrated development experience (e.g., SRU.UN and AP.UN), and those further along in the development cycle (e.g., REI.UN, which has significant zoning approvals, representing around half of its development pipeline in place).

Balance Sheets And Debt Maturities

It is important to acknowledge that Canadian REITs employ significant levels of debt within their respective capital structures, and, as such, re-financing risk can be material on an individual REIT basis. More explicitly, the level of re-financing risk for any given REIT over the short term (i.e., through 2020) is a function of the aggregate debt maturing over this period, the spread between a given REIT's current effective rate on maturing debt and prevailing market borrowing rates, and the mix of fixed/floating rate debt.

We are several years into a low rate cycle, and, as result, we have for some time called for the emergence of increasing rates on debt rolls (as we believed that low-cost financings put into place over the past five years would eventually hit the point where they started to turn higher). However, given the largely unforeseen current interest rate environment (i.e., rates are far lower than the vast majority would have predicted), the dynamic of favourable debt rolls looks to be a tailwind that may persist over the foreseeable future.

Below, we highlight the sensitivity of projected FFO to increases in each REIT's respective long-term benchmark interest rate (i.e., CAD 10-year Treasury yield for most Canadian REITs). More specifically, the charts below depict the impact to 2020E FFO assuming all maturing 2020 debt is refinanced under the following scenarios: 1) a flat rate environment; and, 2) a 100 bps rise in rates (borrowing costs). For purposes of simplification, we have assumed that each REIT elects to extend its debt by 10 years on maturity, acknowledging that that is the most conservative assumption (particularly in that average terms tend to cluster around the five-year mark). For those investors aiming to actively mitigate re-financing risk, EXE and CUF.UN screen particularly well in a 100 bps higher interest rate environment.

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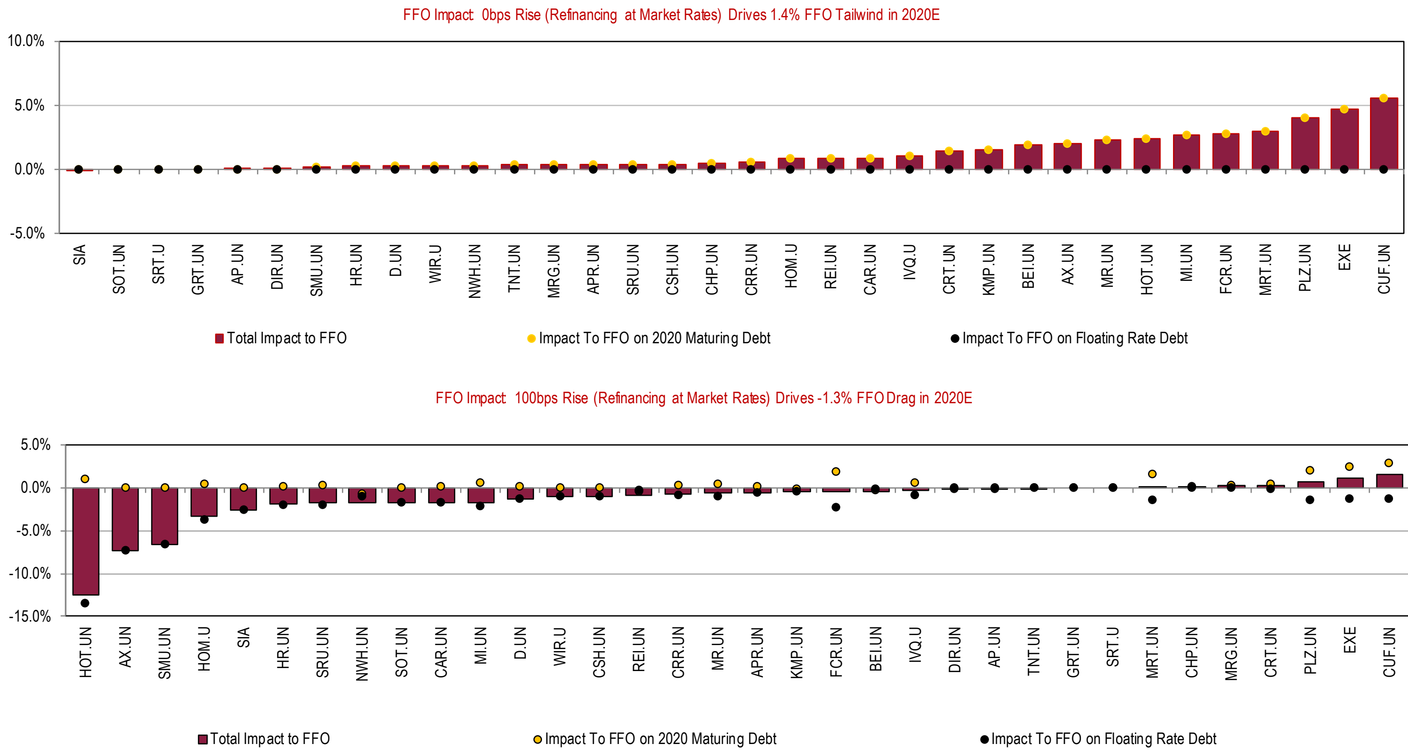
Exhibit 39: The Impact Of Re-financing At Various Interest Rate Levels On 2020E FFO (As At Q1/20)



Source: Company reports, FactSet, and CIBC World Markets Inc.

Mind The Currency

Through assets owned and/or managed in the U.S., the REITs noted in the exhibit below provide direct U.S. dollar currency exposure. Hedging of this exposure is little (i.e., hedging of distributions) to none, which generally reflects a hedge of less than ~10% of the investment value. Ownership of U.S.-denominated assets largely tends to be funded through equity and U.S.-denominated debt, providing a 1:1 currency exposure to equity.

Exhibit 40: REIT NOI Exposure To US$

	% US (NOI)	Property-Type	Trading Price Currency	Currency Hedging
American Hotel	100%	Hotel	US$ / C$	US$ Distributions
Artis REIT[1]	50%	Diversified	C$	US$ Debt & US$ Preferred Stock
Brookfield Asset Management[2]	~50%		US$ / C$	Derivative Financial Instruments
H&R REIT[3]	48%	Diversified	C$	US$ Debt
Morguard NA Residential	63%	Multi-residential	C$	US$ Cash Flow Repays US$ Expenses and Debt
Slate Retail REIT	100%	Retail	US$ / C$	US$ Debt
WPT Industrial REIT	100%	Industrial	US$	US$ Debt
BSR REIT	100%	Multi-residential	US$	US$ Debt
BPY[4]	67%	Diversified	US$	Derivative Financial Instruments
Granite REIT	43%	Industrial	C$	Derivative Financial Instruments
Invesque	91%	Seniors	US$	US$ Debt
Slate Office	20%	Office	C$	Derivative Financial Instruments

1 Artis REIT has issued preferred equity in addition to US$ mortgage debt, which reduces the net US$ exposure.

2 BAM segmented by total consolidated assets (as at Q1/20) .

3 HR exposure based on fair value of assets (including PUDs and Equity Accounted Investments).

4 BPY exposure based on percentage of RE AUM at the Brookfield Property Group level – as per March 2020 corporate profile.

Source: Company reports and CIBC World Markets Inc.

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Several of the REITs we cover own U.S. properties exclusively, and operate and report in U.S. dollars. Others offer a combination of Canadian and U.S. properties, reporting in either U.S. or Canadian dollars. We won't try to forecast the exchange rate – the Canadian dollar has been trading in a range of $0.69 to $0.77 for about a year.

Exhibit 41: CIBC Economics' Exchange Rate Forecast

	Current	2020		
End Of Period:	(May 28)	Jun	Sep	Dec
USD/CAD	1.38	1.41	1.43	1.40
CAD/USD	0.73	0.71	0.70	0.71

Source: CIBC World Markets Inc.

Update On M&A

M&A has been a fairly consistent feature of the Canadian REIT sector for the past several years, averaging about three takeovers a year for the last 16 years. Our expectation for the upcoming year is for M&A activity to be in line with the historical average, at approximately three transactions.

One acquisition has been announced in 2020 thus far – the pending acquisition of Northview Apartment REIT by Starlight and KingSett for ~$4.8B in total value. We are restricted on Northview, but on a factual note, four of the last five major transactions have taken place in the multi-residential space, demonstrating high institutional interest for apartment assets.

For 2019, public M&A activity was concentrated in apartments, with the acquisitions of Pure Multi-Family and Starlight U.S. Multi-Family (No. 5) Core Fund. Continuum Residential REIT almost completed its IPO process when it sold its high-rise GTA portfolio to Starlight Investments for ~$1.7B. Blackstone also made a repeat appearance from 2018 with its acquisition of Dream Global. Valuations were more muted compared to historical levels on a NAV basis (average P/NAV of only ~102%). However, if the Dream Global acquisition is adjusted for our estimated value on the external management contract, the implied P/NAV rises to ~120%, and the average P/NAV takeout premium for 2019 becomes ~107%, or more in line with 2018.

South of the border, M&A was especially active for industrial REITs, with Blackstone's acquisition of Colony Industrial and the acquisition of Liberty Property Trust by Prologis.

For 2018, M&A was in line with our expectations for activity to reach the historical average. The acquisitions of Pure Industrial REIT by Blackstone, Canadian REIT by Choice Properties REIT, and Agellan Commercial by the El-Ad Group reflected a healthy level of activity across multiple real estate sub-sectors. The three takeovers were announced at an average of a ~16% premium to the prior-day closing price and a 10% premium to NAV (relatively lower than the post-2009 historical average).

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Exhibit 42: 2018 To YTD 2020 – M&A Activity

Announcement Date	Target	Acquirer	Takeover Unit Price	Premium % to Closing Price	Forward P/FFO	Forward P/AFFO	Price To NAV
20-Feb-2020	Northview Apartment REIT	Starlight / KingSett	$36.25	11.5%	R	R	R
15-Sep-2019	Dream Global REIT	Blackstone	$16.79	18.5%	16.1x	17.7x	105%
18-Jul-2019	Pure Multi-Family REIT	Cortland Partners	US$7.61	4.0%	19.5x	21.1x	101%
2-Apr-2019	Starlight U.S. Multi-Family (No. 5) Class A	Tricon Capital Group	$11.10	26.0%	N/A	N/A	100%
			2019 M&A Average	16.1%	17.8x	19.4x	102%
14-Nov-2018	Agellan Commercial REIT	El-Ad Group	$14.25	4.9%	13.0x	14.4x	106%
4-May-2018	Canadian REIT	Choice Properties REIT	$53.61	23.1%	16.3x	19.9x	110%
9-Jan-2018	Pure Industrial REIT	Blackstone	$8.10	20.5%	18.8x	20.8x	116%
			2018 M&A Average	16.2%	16.0x	18.4x	110%
			Historical Average (2010-19)	24.5%	14.6x	19.2x	113%

Source: Company reports, FactSet, and CIBC World Markets Inc.

With the sustained low interest rate environment, we believe most Canadian pension funds continue to be underweight real estate relative to target allocations. According to NAREIT, the average pension fund target allocation for global real estate is estimated to be in the range of 7% to 10%, and falls below the optimal investable market weight of 15% to 20%. With total Canadian pension plan assets surpassing $2.0T in 2019 (as per StatsCan) and the average allocation to global real estate for trusteed pension plans in Canada estimated at ~10%, the shortfall in real estate exposure could exceed the market cap of all publicly traded REITs/REOCs in Canada.

With Canadian REITs broadly trading at a substantial discount to NAV, and pension funds underweight the asset class, we expect conditions could be ideal for the privatization of select Canadian REITs by pension funds that are looking for high-quality assets and an established management platform. A potential takeover scenario would also require either a lack of controlling shareholder and an internal management structure, or an amenable controlling shareholder or external manager.

We would advise against investing in REITs solely for the potential of being acquired; however, we believe the REITs that could be likely to receive takeover offers in the future might include:

- RioCan REIT;
- Chartwell Seniors Housing;
- Summit Industrial REIT; and,
- WPT Industrial REIT.

Cap Rates Stabilizing

The relationship between cap rates and interest rates, while certainly linked, is more complex than merely a linear mathematical relationship that moves lock step in a 1:1 fashion. The ultimate movement of cap rates also factors in such elements as underlying real estate fundamentals, inflation, investor risk appetite, capital flows, and asset allocation, to name a few. For Q1/20, cap rates were sequentially stable, according to CBRE's cap rate survey, while transaction volumes are expected to continue falling given the ongoing COVID-19 health crisis. Among the largest markets in Canada, only cap rates for retail properties in Greater Halifax expanded during the quarter.

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Exhibit 43: Income Property Capitalization Rates (%) As Of Q1/20

		Toronto		Montreal		Ottawa		Calgary		Vancouver		Edmonton	
		Q1/20	Q4/19	Q1/20	Q4/19	Q1/20	Q4/19	Q1/20	Q4/19	Q1/20	Q4/19	Q1/20	Q4/19
Office:	Downtown Premium A	4.00-4.50%	4.00-4.50%	4.50-5.00%	4.50-5.00%	4.75-5.25%	4.75-5.25%	5.25-5.75%	5.25-5.75%	3.75-4.00%	3.75-4.00%	5.50-6.00%	5.50-6.00%
	Downtown Class A	4.25-4.75%	4.25-4.75%	4.75-5.25%	4.75-5.25%	5.00-5.50%	5.00-5.50%	6.25-7.00%	6.25-7.00%	3.75-4.25%	3.75-4.25%	6.75-7.50%	6.75-7.50%
	Suburban Class A	5.75-6.50%	5.75-6.50%	6.00-6.50%	6.00-6.50%	6.25-6.75%	6.25-6.75%	6.00-6.75%	6.00-6.75%	4.75-5.50%	4.75-5.50%	6.75-7.50%	6.75-7.50%
Retail:	Power Centers	6.00-7.00%	6.00-7.00%	6.25-6.75%	6.25-6.75%	6.00-6.75%	6.00-6.75%	5.75-6.25%	5.75-6.25%	5.00-5.00%	5.00-5.00%	6.25-6.75%	6.25-6.75%
	Regional Malls	4.25-5.50%	4.25-5.50%	5.50-6.00%	5.50-6.00%	5.00-5.75%	5.00-5.75%	4.75-5.50%	4.75-5.50%	4.00-4.50%	4.00-4.50%	5.00-5.50%	5.00-5.50%
	Strip Centers	6.00-7.00%	6.00-7.00%	7.00-7.75%	7.00-7.75%	6.50-7.50%	6.50-7.50%	5.75-6.25%	5.75-6.25%	5.00-5.50%	5.00-5.50%	6.25-6.75%	6.25-6.75%
Multi-Res:	High Rise Class A	2.75-3.75%	2.75-3.75%	3.75-4.25%	3.75-4.25%	3.50-4.00%	3.50-4.00%	4.00-4.50%	4.00-4.50%	2.50-3.00%	2.50-3.00%	4.00-4.50%	4.00-4.50%
	Low Rise Class A	2.75-3.75%	2.75-3.75%	4.50-5.00%	4.50-5.00%	3.50-4.00%	3.50-4.00%	4.50-5.00%	4.50-5.00%	2.75-3.25%	2.75-3.25%	5.25-5.75%	5.25-5.75%
Industrial:	Class A	3.75-4.25%	3.75-4.25%	4.50-5.00%	4.50-5.00%	4.50-5.00%	4.50-5.00%	5.00-5.50%	5.00-5.50%	3.50-4.00%	3.50-4.00%	5.25-5.75%	5.25-5.75%
Hotel*:	Downtown Full-Ser.	4.50-6.00%	4.50-6.00%	7.00-8.00%	7.00-8.00%	7.00-8.00%	7.00-8.00%	6.75-8.50%	6.75-8.50%	4.50-6.00%	4.50-6.00%	7.00-8.50%	7.00-8.50%
	Suburban – Lim.-Ser.	7.00-8.50%	7.00-8.50%	7.75-8.75%	7.75-8.75%	7.75-8.75%	7.75-8.75%	7.75-9.00%	7.75-9.00%	6.50-7.50%	6.50-7.50%	8.25-9.25%	8.25-9.25%

Note: * Hotel cap rates are based on net operating income after provisions for maintenance-type capital expenditures.

Source: CBRE and CIBC World Markets Inc.

The two most important factors for a supportive environment for real estate and REIT financial and operating performance are: 1) access to debt and, to a lesser degree, cost of debt; and, 2) new development/supply.

While the ongoing COVID-19 crisis has led to potential short-term payment deferrals for tenants and borrowers alike, this has so far been limited to small businesses and financially stressed residential owners. We would highlight that the Canadian banking sector remains on sound footing and that, unlike the financial crisis, the current economic challenge originated outside of the financial system, and the largest corporate constituents have not forsaken their contractual obligations to deliver on rent or debt payments. We think debt remains available in the current environment, which is significantly more critical for the proper function of REITs and real estate markets than cost of debt.

Since the credit crisis, the private sector has undergone a significant de-levering, including declining corporate debt issuance and significant equity capital-raising activities. Canadian banks, in particular, have adopted more conservative leverage and lending practices, which are quite favourable for the conservative borrowing profile of secured mortgages in the largely fully recourse and prudent loan-to-value Canadian mortgage market.

At the outset of 2014, recognizing that interest rates had reached, or would soon likely reach, the end of a 30-year trend of declines, we outlined a view that the historically successful Canadian REIT model of higher leverage and higher payout ratios, driven by accretive acquisitions, would underperform relative to lower-leverage, lower payout-ratio, value-creation strategies in a flat or rising interest rate environment. In that report, we recommended that REITs focus on reducing payout ratios to below 80% of AFFO and improve EBITDA interest coverage to 3.0x or higher. We believe these metrics provide REITs with the flexibility to pursue value-creation strategies, including development, value-add acquisitions (i.e., partly occupied or under-leased properties), redevelopments and intensifications, among others.

Since 2007, we are pleased to see that many REITs have significantly improved payout ratios (down ~20%) and EBITDA interest coverage (up ~0.8x), and have outlined plans for significant value-creation strategies.

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Exhibit 44: Continuing Members Of The S&P/TSX REIT Index

	EBITDA Interest Coverage		Forward AFFO Payout	
	Q4/07	Q1/20	Q4/07	Q1/20
AP.UN	2.8x	3.3x	84%	83%
AX.UN	2.4x	3.1x	106%	57%
BEI.UN	2.3x	2.8x	86%	51%
CAR.UN	1.9x	3.7x	105%	73%
CRR.UN	3.0x	3.0x	87%	82%
CUF.UN	2.9x	2.4x	90%	99%
SRU.UN	2.7x	3.5x	93%	87%
D.UN	2.4x	2.9x	109%	86%
HR.UN	2.3x	3.1x	94%	50%
NVU.UN	R	R	R	R
REI.UN	2.5x	3.5x	104%	92%
Average	**2.5x**	**3.3x**	**96%**	**76%**

Source: Company reports and CIBC World Markets Inc.

On the cost of debt, Canadian REITs have enjoyed a mostly continuous period of declining interest rates since the first REITs were formed in the early 1990s. While the COVID-19 economy is looking to potentially be a recessionary one, and there is downward pressure on interest rates in the near term, we think further declines in interest rates will likely be more limited and would, therefore, not expect declining interest rates to provide a comparable tailwind to what we have witnessed in the past (although there is a distinct possibility that favourable debt rolls may continue for the next few years).

Exhibit 45: Bond Yields Don't Have Much Further To Fall?

Source: Bloomberg and CIBC World Markets Inc.

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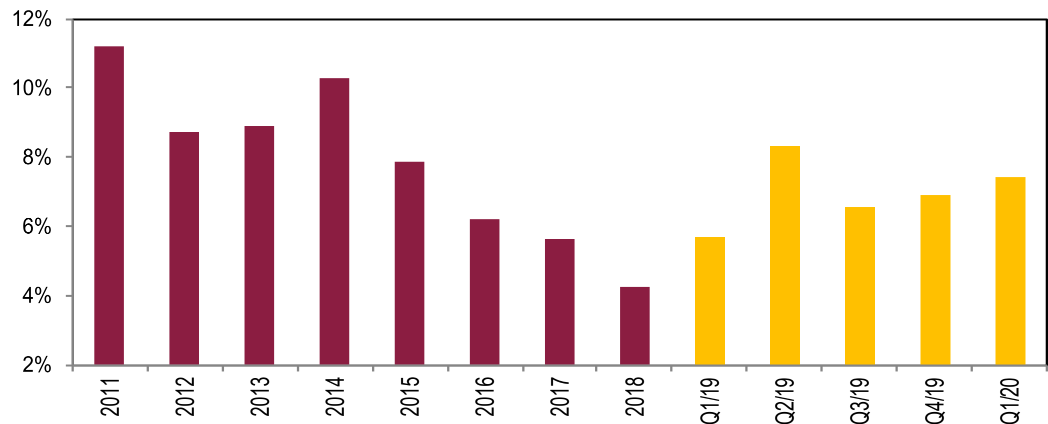
Property Fundamentals

Retail – A Bifurcated Market

There is certainly truth to the fact that the retail operating environment is under pressure (even with COVID-19 aside), with e-commerce and high-profile department store bankruptcies impacting performance. With that said, we reiterate our view that such environment is bifurcated, with low-quality assets (especially in secondary markets) bearing a disproportionate share of operational risk. Indeed, a number of the retail REITs under our coverage have long understood this notion, and have actively undertaken strategic initiatives with a focus on curating a higher-quality and more resilient portfolio. We look to leasing trends as a general indicator of landlord pricing power, and would note that 2019 represented an inflection point in what was previously deemed a declining trend. It remains to be seen what the ultimate impact of the COVID-19 situation will be on leasing spreads; Q1/20 showed no indication of a deterioration in renewed rents, but at the same time captured only a few weeks of the impact of the pandemic.

Exhibit 46: Retail Leasing Spreads Have Rebounded Recently



Source: Company reports and CIBC World Markets Inc.

With respect to COVID-19, we would note that retail real estate is arguably the most visibly impacted by a pandemic-engendered shutdown (hotels aside). Indeed, the government's initial edict to close all non-essential business put these tenants in a precarious position. At this time, a number of provinces have started to loosen their restrictions on retailers. In Ontario, for example, all retailers with a store-front were recently given the go-ahead to reopen, which is a very positive development. Malls, on the other hand, remain closed.

Retail rent collections have been a particularly topical theme over the past few months. To this end, we note that given the contractual nature of commercial leases, tenants can't just stop paying rent, even in extreme circumstances. In situations where relief has been granted, landlords have primarily entered into deferral agreements that would allow relief during the "shutdown" period, with the rent effectively converting to a tenant receivable to be collected at such time as things are back to "normal." It is important to distinguish between a deferral and an outright rent abatement.

We generally believe that it is the smaller retailers that are at the highest risk of requiring rent assistance. To this end, the federal government announced in late April that it is providing rent relief through the "Canada Emergency Commercial Rent Assistance" program. In late May, (much needed) further details on the application process were provided.

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The program, which is voluntary for landlords, provides rent relief to small businesses for the months of April, May, and June (retroactively where applicable). The program can be broken down as follows:

1. The rent payable by small business tenants is reduced to 0-25% of the contractual rent.
2. The government pays 50% of the contractual rent.
3. As a result, the landlord will receive 50%-75% of the contractual rent.

Given that this program is indeed voluntary, we would generally expect the landlord to engage in this program upon evaluation that the tenant is not otherwise able to service its contractual obligation (but only time will tell on this front).

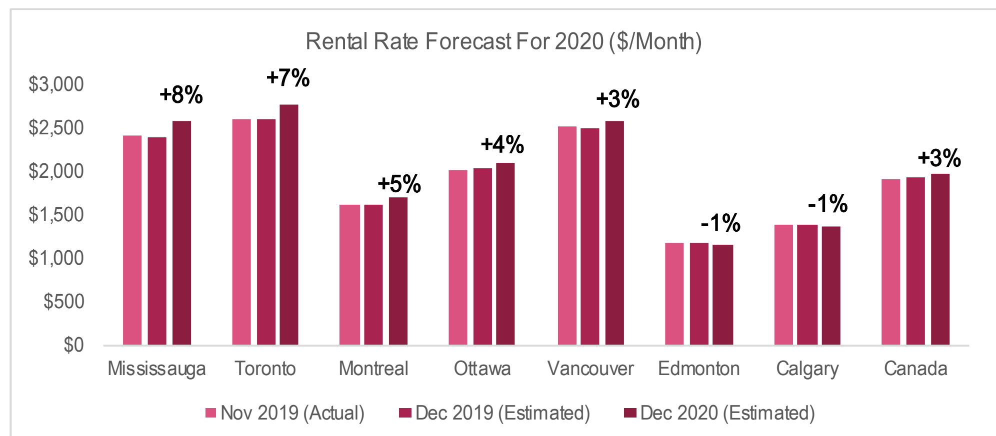
Multi-family; As Defensive As They Come

While perhaps not as visibly impacted by COVID-19 as the retail sector on the face of it, the multi-family REITs face another unique set of challenges in the current environment. Recently enacted changes have prohibited landlords from commencing eviction proceedings for renters who have fallen behind on their rent for the effective duration of the crisis. As a positive counter, CHMC has also indicated that landlords who don't commence eviction proceedings will be able to defer interest payments – there's a pragmatic recognition here that we are all going to share in the solution in one form or another. To the extent that rent deferral is an accounting entry vs. a negative cash flow (i.e., that rent owing is not forgiven but becomes a tenant receivable), then the issue of liquidity comes into question and the percentage of renters who find themselves in a stressed situation directly impacts the amount and extent that the balance sheet has to carry the load (we'd note that apartment REITs are among the most conservatively capitalized).

Looking through the COVID-19 situation, we would further note that if oncoming supply is insufficient to restore balance to the GTHA (Greater Toronto and Hamilton Area) market, rental rate growth within the region is likely to be among the highest in the country (although likely not as high as pre-COVID-19 levels). In addition, given the rising costs of development (i.e., government charges + land costs), the bulk of new supply that does come to this market will by necessity require a higher-than-average rent/sq. ft. Consequently, the supply/demand gap is likely to remain most prominent for the more affordable in situ rental stock.

With that said, we believe that the largest unanswered question is the ultimate impact of COVID-19 on immigration (even post the pandemic), as a significant slowing of immigration demand could ultimately result in a narrowing of the large mark-to-market opportunity that is present in a number of key Canadian markets. In the exhibit below, we summarize market expectations of 2020 rental rate growth by municipality (as forecast by Rentals.ca and Bullpen Research & Consulting before the COVID-19 situation).

Exhibit 47: Overview Of 2020 Rent Growth Forecasts



Source: Rentals.ca, Bullpen Research & Consulting, and CIBC World Markets Inc.

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Importantly, the rent growth achievable by Ontario-centric REITs is, of course, impacted by rental legislation, which caps rent increases to 2.2% on lease renewals (note that residential REITs across Canada have paused rental increases through the crisis, but these should resume thereafter). Said differently, the gain-to-lease opportunity is only crystalized on suite turnover, which continues to grind lower (and indeed this trend has been temporarily compounded by the eviction moratorium). For context, we believe that suite turnover in the core GTHA market was in the mid- to high teens pre-COVID. Indeed, we believe that there is room for turnover to slow further still, although at some admittedly unknown point (somewhere in the low teens?) turnover becomes structural and should find a floor (i.e., some turn is by necessity, such as those households moving to another country).

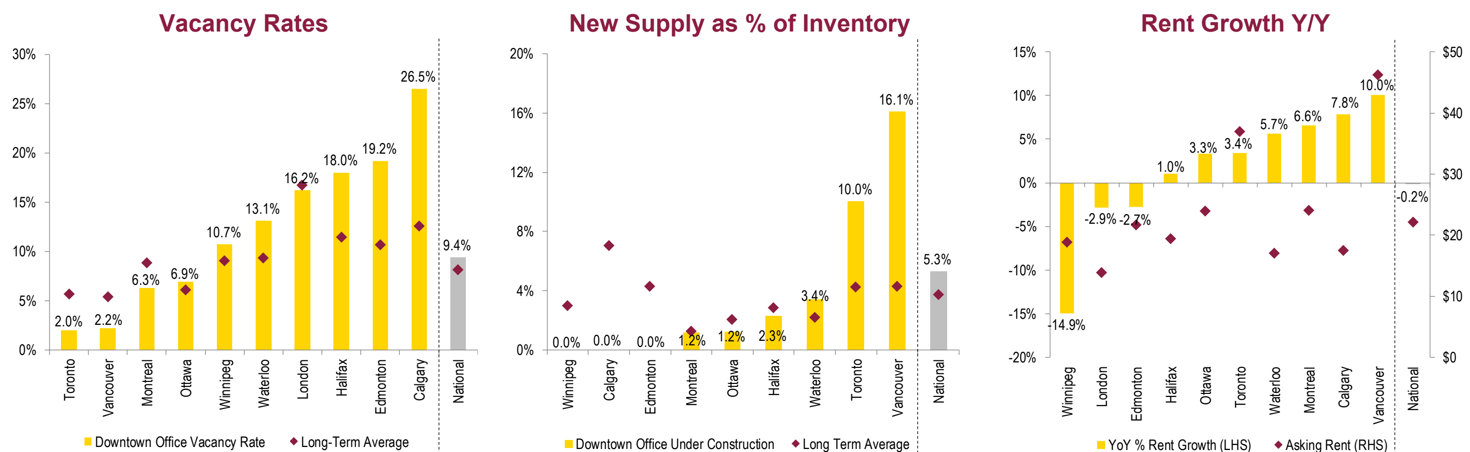
Office – Fundamentals Starting From a Strong Base Despite Supply Under Construction

Several commercial office landlords expect the COVID-19 crisis to have a lasting impact on how employees interact with their office space, workplace layouts, and other office trends, including telecommuting. A number of technology firms, including Twitter and Shopify, have also made headlines by shifting towards more permanent work-from-home arrangements for their employees. While the ultimate net effect on office demand once the pandemic subsides remains opaque, arguments on both sides have emerged, including higher adoption of telecommuting and elimination of common areas to be weighed against greater distancing requirements and employee demands for more personal workspace. However, the issue of supply continues to cast a shadow over the sector and, judging by the movement of cranes in the skies, the delivery of new office space this year across major markets remains inexorable. Weighed against these supply concerns and potential impact from COVID-19 is the fact that office vacancy was at record low levels in Vancouver and the GTA.

For office landlords, rent deferrals thus far have been limited to smaller tenants or storefront retail shops at the ground level of office buildings. The government is committed to helping small businesses and the CECRA program could provide support to smaller tenants on a case-by-case basis. We anticipate receiving additional updates on the net impact in coming months.

Fundamentals – Elevated New Supply in Toronto and Vancouver: At Q1/20, downtown vacancy rates of 2.0% and 2.2% for the GTA and Vancouver, respectively, which represent record lows for both markets, and tightness have contributed to strong rent growth. In Toronto, Y/Y rent growth has tempered to +3% from double-digit %s, while in Vancouver rents grew +10.0% Y/Y. Unsurprisingly, elevated rents in both cities have led to higher supply, with new construction at ~10% of total inventory in the GTA and ~16% in Vancouver.

Exhibit 48: Downtown Office Fundamentals (Q1/20)



Source: CBRE and CIBC World Markets Inc.

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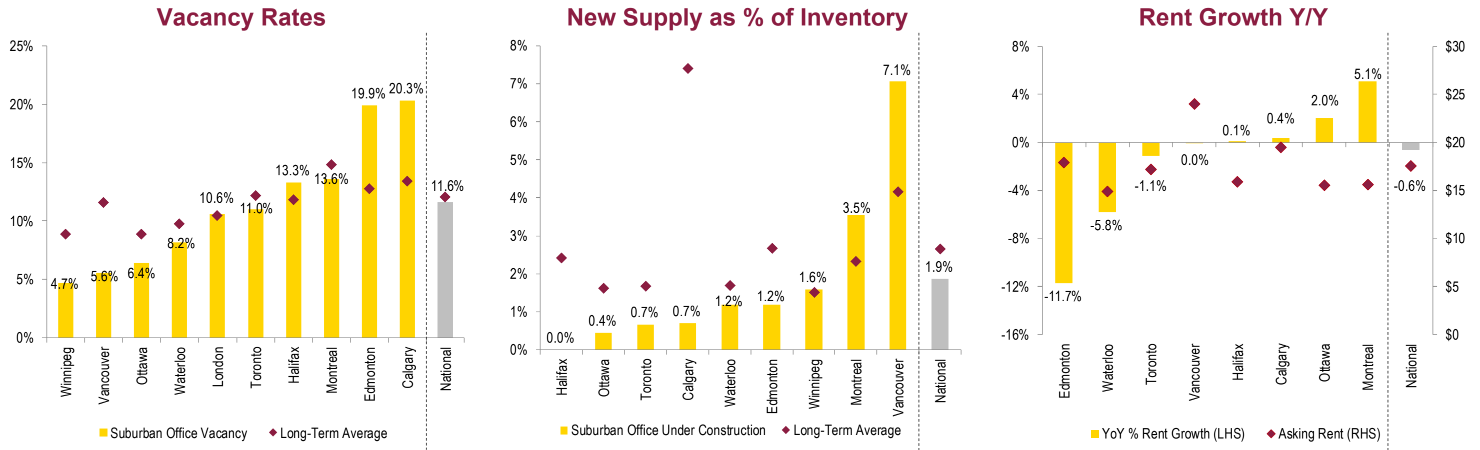
Exhibit 49: Suburban Office Fundamentals (Q1/20)



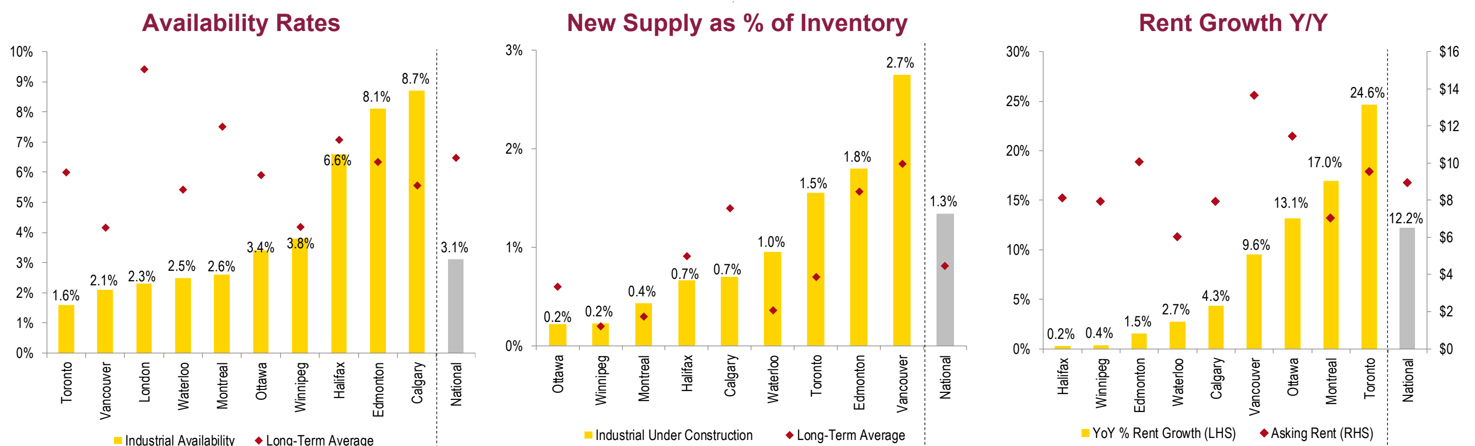
Source: CBRE and CIBC World Markets Inc.

Industrial – Strong Fundamentals To Be Tested

The COVID-19 crisis is anticipated to disproportionately affect more traditional retailers (lacking an online presence) and their corresponding supply chains, in addition to smaller bay product with a skew towards smaller businesses. Compared to the last crisis, we expect e-commerce to be a material demand factor for industrial real estate with a shift in consumption towards contactless delivery, which should mitigate softening fundamentals for other industrial tenants. As viable businesses abandon brick-and-mortar locations either temporarily or more permanently in lieu of direct deliveries or curbside pick-up locations, we expect warehouse demand to remain buoyant and the sector could outperform other real estate asset classes. By region, we anticipate that Western Canada and geographies with energy market exposure will underperform given the collapse in energy prices.

Industrial availability was tight across Canada for the last reported quarter prior to the full impact of COVID-19. At Q1/20, 3.1% of all industrial space was vacant, near all-time lows and a structurally full occupancy rate (1% to 2%). Rent growth continues to be robust, and, on average, rents across the country grew 12.2% from a year ago, led by +24.6% in Toronto. Among other major markets, Montreal has also returned strong rent growth of +17.0%. New supply on a national basis has been ticking up but remains restrained at ~1.3% of total inventory on a national level. Thus far, rent deferrals have been limited in the low single-digit %s and rent collection trends have outperformed other commercial sectors.

Exhibit 50: Canadian Industrial Fundamentals (Q1/20)



Source: CBRE and CIBC World Markets Inc.

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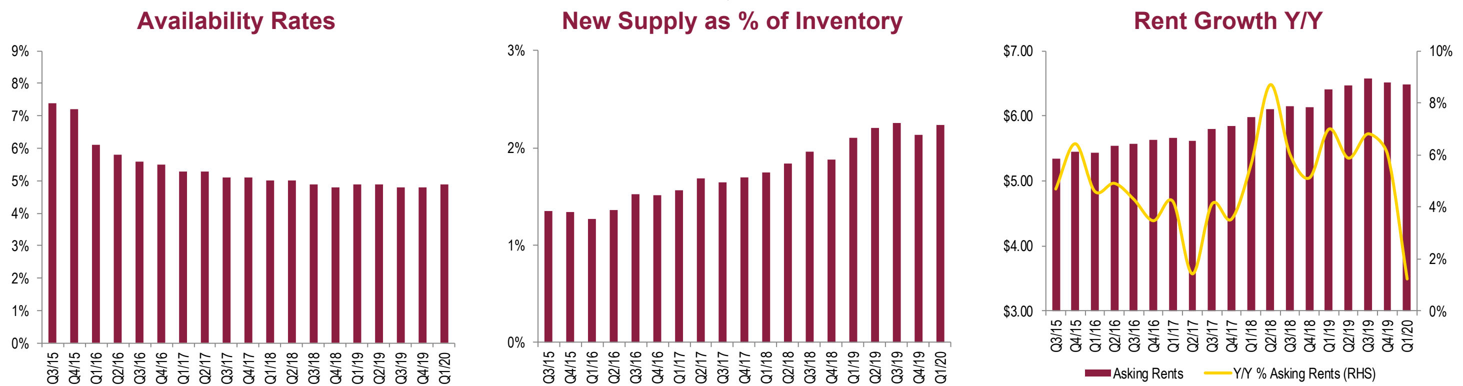
U.S. Industrial: Similar to the environment in Canada, the pandemic is generally expected to create winners and losers within the industrial tenant rent-roll. Headlines of exploding employment at e-commerce warehouses (e.g., Amazon hiring over 100,000 positions to meet demand during the COVID-19 crisis) suggest that companies with omni-channel presence and a direct-to-consumer set-up will continue to operate and should continue to drive industrial real estate demand. Discussions with industry brokers have suggested that smaller bay tenants could face financial stress and consequently affect multi-tenant spaces (delivery operations generally require more capex and a larger footprint that small businesses cannot afford). Nonetheless, additional supply deliveries could add another wrinkle to the fundamental picture this year and, thus far, it appears that the continued streak of strong rent growth has come to a pause in Q1/20. We expect fundamental strength to be more tempered but could outperform other real estate asset classes in 2020.

Although availability rose sequentially to 4.9% in Q1/20, the market remains near an all-time low of 4.8%. Other indicators, however, show a softening in market dynamics, with a deceleration in rent growth from a range above 5% over the last two years to +1%.

New supply has been on a rising trend and stands at 2.2% of inventory, which is near medium-term averages; however, new deliveries could outpace tenant demand this year. Over the past five years, market absorption has averaged ~0.3% of total inventory per quarter, which compares to the expected quarterly delivery cycle of ~0.4% to ~0.6% of inventory.

Exhibit 51: U.S. Industrial Fundamentals (Q1/20)



Source: Cushman & Wakefield and CIBC World Markets Inc.

Seniors Housing

We expect the COVID-19 crisis to negatively weigh on demand trends and occupancy for private seniors housing properties in the near term, while demographic trends and the necessity-driven demand of services should continue to drive growth in the long term. Costs for staff and personal protection equipment have been temporarily elevated, impacting operator profits. The government has enacted several measures to support the sector and help with the additional costs of fighting the virus. In Ontario so far, $243MM has been allocated to the long-term care sector (including surge capacity planning) and $20MM for retirement homes; in British Columbia, $10MM has been allocated to assisted living and long-term care residences; and, in Quebec, various initiatives include funding for temporary pay increases to healthcare workers, amounting to $410MM.

In mid-March, the Ontario Ministry of Health advised that seniors housing residences were to allow only essential visitors – people visiting residents who are very ill or require end-of-life care. This measure has been negatively affecting retirement home property occupancy by limiting touring activity and deferring move-ins. The average length of stay at an IL/ISL home is typically three to five years (at the upper end in pure independent living), which implies that

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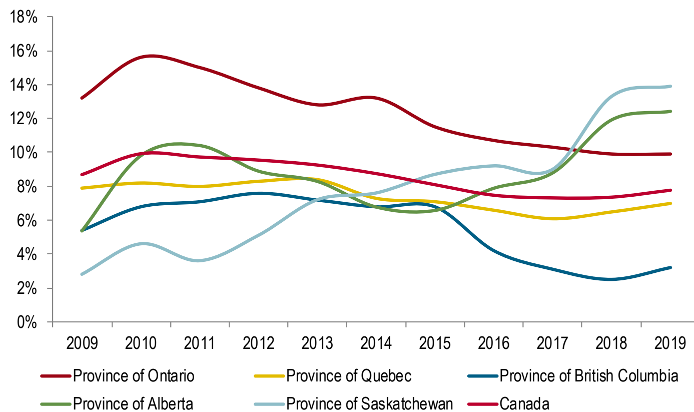
~2% to 3% of residents move out per month. We would note that a high proportion of move-outs involve the transfer of a retirement home resident to a long-term care home, but under the current circumstances, move-outs to LTC are not taking place and residents are remaining in the retirement home, stemming this element of natural occupancy decline. Despite this offset, move-ins and occupancy rates for retirement homes are expected to decline during the crisis.

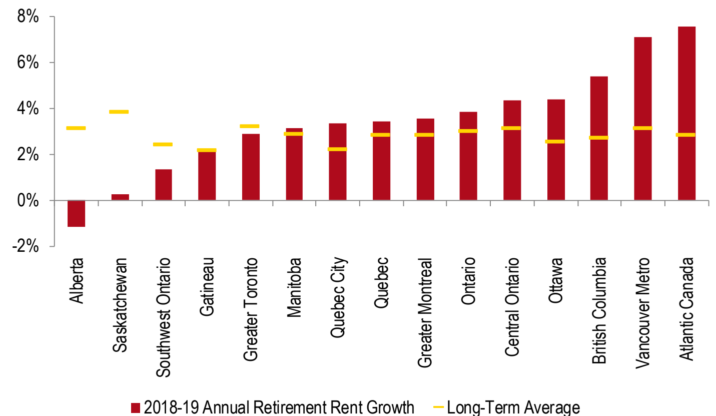
On the new supply front, assuming capture rates remain stable and population growth remains in line with projections from Statistics Canada, new deliveries were expected to lead to a modest occupancy decline in 2020 with an uneven distribution of results across provinces. Historically, operators have been reluctant to concede rate, with rents holding in during recessionary periods, and have generally preferred to acquiesce on occupancy. Likewise, rents could hold in despite a decline in occupancy this year.

Exhibit 52: CMHC Retirement Housing Vacancy



Source: CMHC and CIBC World Markets Inc.

Exhibit 53: CMHC Retirement Housing Rent Growth



Source: CMHC and CIBC World Markets Inc.

For government-funded long-term care, full reimbursement is provided as long as occupancy remains above 97%, and given the long waiting list for this essential care, we expect full funding to continue. We highlight that the long-term care sector has been faced with negative headlines in recent weeks, including a report from the Canadian military of sub-standard care at a number of LTC homes, in addition to class action lawsuit proposals, which have weighed on investor sentiment. Our read of the situation does not suggest a pattern of poor operatorship. Sienna, in particular, has a history of outperforming provincial averages on health care quality measures. The most impacted homes we believe faced staffing availability issues and physical structure limitations. With respect to staffing, we understand that infected staff and fearful staff not showing up to work have put tremendous pressure on the remaining employees to try and maintain care levels – the resident population does not shrink if staff is not present. We also believe that some of the hardest-hit properties are Class C, which feature multiple residents per room and limited space to permit physical distancing, creating an environment for the disease to more easily spread.

The Ontario government is launching an independent review of the long-term care sector's response during COVID-19. It is still early and, with the issue being highly politicized, it is impossible to predict what the government's ultimate response may be toward the LTC sector. We would expect that as partners in providing care to seniors, an amicable solution can be found. We think that acceleration of the redevelopment of Class C properties is likely to occur. With many uncertainties, we would expect sentiment to remain cautious toward the LTC sector until a more definitive government response is available.

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Summary Of Current Ratings

Exhibit 54: Current Ratings

Outperformer	Neutral	Underperformer	Restricted
Allied Properties REIT	AHIP REIT		Northview Apartment REIT
Automotive Properties REIT	Artis REIT		InterRent REIT
Brookfield Asset Management	Boardwalk REIT		
Brookfield Property Partners	Canadian Apartment REIT		
BSR REIT	Choice Properties REIT		
Colliers International	Chartwell Retirement Residences		
Cominar REIT	CT REIT		
Crombie REIT	Dream Office REIT		
Dream Industrial REIT	First Capital REIT		
Dream Unlimited	Extendicare Inc.		
European Residential REIT	Invesque Inc.		
Granite REIT	NorthWest Healthcare Properties		
H&R REIT	Melcor REIT		
Killam Apartment REIT	Morguard REIT		
Minto Apartment REIT	Plaza Retail REIT		
Morguard Corp.	Slate Office REIT		
Morguard North American REIT	Slate Retail REIT		
RioCan REIT	Summit Industrial Income REIT		
Sienna Senior Living REIT	True North Commercial REIT		
SmartCentres REIT			
Tricon Capital Group Inc.			
WPT Industrial REIT			

Source: CIBC World Markets Inc.

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Exhibit 55: Canadian Large-capitalization REITs

		Mkt. Cap.	Last Price	2020E FD FFO		2021E FD FFO		P/FFO		Dividend/Dist.		2020E FFO
Ticker	Name	($millions)	5/27/2020	Per Share	% Change	Per Share	% Change	2020E	2021E	Indicated	Yield	Payout
Canadian Shopping Centre REITs												
REI.UN	RioCan REIT	$4,810	$15.14	$1.72	(8.0%)	$1.76	2.3%	8.8x	8.6x	$1.44	9.5%	84%
SRU.UN	SmartCentres REIT	$3,626	$21.02	$2.24	(1.8%)	$2.38	6.2%	9.4x	8.8x	$1.85	8.8%	83%
CRR.UN	Crombie REIT	$2,027	$12.82	$1.11	(4.3%)	$1.17	5.4%	11.5x	11.0x	$0.89	6.9%	80%
CHP.UN	Choice Properties	$9,000	$12.85	$0.94	(5.1%)	$1.00	6.4%	13.7x	12.9x	$0.74	5.8%	79%
CRT.UN	CT REIT	$3,032	$13.27	$1.16	(1.7%)	$1.19	2.6%	11.4x	11.2x	$0.79	5.9%	68%
FCR.UN	First Capital REIT	$2,998	$13.74	$1.09	(11.4%)	$1.16	6.4%	12.6x	11.8x	$0.86	6.3%	79%
Average		**$25,493**	**(Total)**		**(5.4%)**		**4.9%**	**11.2x**	**10.7x**		**7.2%**	**79%**
Apartment REITs												
BEI.UN	Boardwalk REIT	$1,526	$29.92	$2.50	(2.7%)	$2.79	11.6%	12.0x	10.7x	$1.00	3.3%	40%
CAR.UN	CAP REIT	$8,069	$47.19	$2.22	4.2%	$2.32	4.5%	21.3x	20.3x	$1.38	2.9%	62%
NVU.UN	Northview REIT	R	R	R	R	R	R	R	R	R	R	R
Average		**$11,830**	**(Total)**		**2.5%**		**7.5%**	**16.2x**	**15.2x**		**3.7%**	**59%**
Canadian Diversified Commercial (Office/Industrial/Retail)												
BPY	Brookfield Property Partners*	$10,458	$11.15	$1.19	(15.6%)	$1.45	21.8%	9.4x	7.7x	$1.33	11.9%	112%
HR.UN	H&R REIT	$3,239	$10.72	$1.65	(5.7%)	$1.78	7.9%	6.5x	6.0x	$0.69	6.4%	42%
AX.UN	Artis REIT	$1,019	$7.49	$1.29	(8.5%)	$1.31	1.6%	5.8x	5.7x	$0.54	7.2%	42%
MRT.UN	Morguard REIT	$322	$5.31	$1.28	(10.5%)	$1.28	0.0%	4.1x	4.1x	$0.48	9.0%	38%
AP.UN	Allied Properties REIT	$4,926	$40.05	$2.37	4.9%	$2.51	5.9%	16.9x	16.0x	$1.65	4.1%	70%
CUF.UN	Cominar REIT	$1,443	$7.91	$0.97	(9.3%)	$1.06	9.3%	8.2x	7.5x	$0.72	9.1%	74%
D.UN	Dream Office REIT	$1,206	$19.83	$1.57	(7.6%)	$1.70	8.3%	12.6x	11.7x	$1.00	5.0%	64%
Average		**$22,612**	**(Total)**		**(7.5%)**		**7.8%**	**9.1x**	**8.4x**		**7.6%**	**63%**
Overall Average – Canada		**$59,936**	**(Total)**		**(4.8%)**		**6.7%**	**11.2x**	**10.5x**		**6.7%**	**68%**
Government Of Canada 10-year Bond											**0.54%**	
Canada REIT Yield Spread											**+616 bps**	

*FFO payout ratio does not include realized LP gains - payout ratio would be significantly lower after including realized gains

Source: Company reports and CIBC World Markets Inc.

This document is intended for Mehul SUDRA (CIBC)

Exhibit 56: U.S. Large-capitalization REITs

Ticker	Name	Mkt. Cap. ($millions)	Last Price 5/27/2020	2020E FD FFO Per Share	2020E FD FFO % Change	2021E FD FFO Per Share	2021E FD FFO % Change	P/FFO 2020E	P/FFO 2021E	Dividend/Dist. Indicated	Yield	2020E FFO Payout
U.S. Shopping Centre REITs												
FRT	Federal Realty Invs Trust	$6,337	$83.79	$5.68	(8.0%)	$5.99	5.6%	14.8x	14.0x	$4.20	5.0%	74%
KIM	Kimco Realty Corp	$5,376	$12.43	$1.30	(9.7%)	$1.38	6.2%	9.6x	9.0x	$0.00	0.0%	0%
REG	Regency Centers Corp	$7,777	$45.85	$3.54	(8.9%)	$3.75	5.7%	12.9x	12.2x	$2.38	5.2%	67%
SITC	SITE Centers Corp	$1,205	$6.24	$1.01	(20.6%)	$1.02	1.0%	6.2x	6.1x	$0.00	0.0%	0%
SKT	Tanger Factory Outlet Center	$634	$6.78	$1.51	(33.5%)	$1.64	8.8%	4.5x	4.1x	$0.00	0.0%	0%
WRI	Weingarten Realty Investors	$2,492	$19.45	$1.85	(11.8%)	$1.92	3.8%	10.5x	10.1x	$0.72	3.7%	39%
SPG	Simon Property Group Inc.	$19,320	$63.19	$10.57	(12.2%)	$10.95	3.5%	6.0x	5.8x	$8.35	13.2%	79%
MAC	Macerich Co/The	$1,084	$7.66	$2.79	(30.3%)	$2.59	(7.0%)	2.7x	3.0x	$2.00	26.1%	72%
TCO	Taubman Centers Inc.	$2,520	$40.91	$3.19	(8.9%)	$3.22	0.9%	12.8x	12.7x	$2.70	6.6%	85%
Average		**$46,746**	**(Total)**		**(16.0%)**		**3.2%**	**8.9x**	**8.6x**		**6.6%**	**46%**
U.S. Apartment REITs												
AVB	Avalonbay Communities Inc.	$22,362	$158.90	$9.26	(0.9%)	$9.44	1.9%	17.2x	16.8x	$6.36	4.0%	69%
ESS	Essex Property Trust Inc.	$16,226	$248.04	$13.31	(0.5%)	$13.64	2.5%	18.6x	18.2x	$8.31	3.4%	62%
ACC	American Campus Communities	$4,762	$34.61	$2.20	(9.0%)	$2.44	11.0%	15.7x	14.2x	$1.88	5.4%	85%
CPT	Camden Property Trust	$8,905	$91.44	$5.02	(0.5%)	$5.23	4.2%	18.2x	17.5x	$3.32	3.6%	66%
EQR	Equity Residential	$22,376	$60.13	$3.34	(4.4%)	$3.41	2.3%	18.0x	17.6x	$2.41	4.0%	72%
MAA	Mid-America Apartment Comm	$13,831	$116.88	$6.03	(7.9%)	$6.35	5.2%	19.4x	18.4x	$4.00	3.4%	66%
UDR	UDR Inc.	$11,294	$38.30	$2.09	0.4%	$2.12	1.8%	18.3x	18.0x	$1.44	3.8%	69%
Average		**$99,757**	**(Total)**		**(3.3%)**		**4.1%**	**17.9x**	**17.2x**		**3.9%**	**70%**
U.S. Office REITs												
SLG	SL Green Realty Corp	$3,371	$44.04	$6.79	(3.0%)	$6.79	0.1%	6.5x	6.5x	$3.54	8.0%	52%
BXP	Boston Properties Inc.	$13,798	$88.81	$7.19	2.6%	$7.53	4.7%	12.3x	11.8x	$3.92	4.4%	54%
VNO	Vornado Realty Trust	$7,549	$39.50	$3.00	(42.8%)	$3.17	5.6%	13.1x	12.4x	$2.64	6.7%	88%
CLI	Mack-Cali Realty Corp	$1,405	$15.51	$1.25	(22.8%)	$1.08	(13.9%)	12.4x	14.4x	$0.80	5.2%	64%
BDN	Brandywine Realty Trust	$1,756	$10.30	$1.38	(3.2%)	$1.41	2.2%	7.4x	7.3x	$0.76	7.4%	55%
EQC	Equity Commonwealth	$4,057	$33.39	$0.35	(51.9%)	$0.31	(10.5%)	95.0x	106.2x	$0.00	0.0%	0%
Average		**$31,936**	**(Total)**		**(20.2%)**		**(2.0%)**	**24.5x**	**26.4x**		**5.3%**	**52%**
U.S. Industrial/Warehouse REITs												
PLD	Prologis	$67,772	$91.76	$3.60	8.6%	$3.71	3.1%	25.5x	24.7x	$2.32	2.5%	65%
EGP	Eastgroup Properties Inc.	$4,604	$117.89	$5.19	4.3%	$5.40	4.0%	22.7x	21.8x	$3.00	2.5%	58%
FR	First Industrial Realty Trust	$4,835	$38.01	$1.78	2.3%	$1.83	2.7%	21.3x	20.8x	$1.00	2.6%	56%
Average		**$77,212**	**(Total)**		**5.1%**		**3.3%**	**23.2x**	**22.5x**		**2.6%**	**59%**
Overall Average – U.S.		**$255,650**	**(Total)**		**(10.9%)**		**2.2%**	**16.9x**	**16.9x**		**5.1%**	**56%**
10-year U.S. Treasury											**0.66%**	
U.S. REIT Yield Spread											**+441 bps**	

Source: Company reports and CIBC World Markets Inc.

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This document is intended for Mehul SUDRA (CIBC)

Exhibit 57: Tax Allocation Of 2019 REIT Distributions

		2019 Distributions ($)			2019 Breakdown Of Distributions (%)						
REIT	Ticker	Taxable	Return Of Capital	Total	Eligible Dividend	Non-Eligible Dividend	Other Income	Capital Gain	Foreign Non-Business Income	Taxable	Return Of Capital
Allied Properties REIT	AP.UN	$0.45	$1.15	$1.60	-	-	28.1%	-	-	28.1%	71.9%
Automotive Properties REIT	APR.UN	$0.18	$0.63	$0.80	-	-	22.0%	-	-	22.0%	78.0%
AHIP ($CAD Listing)	HOT.UN	$0.07	$0.79	$0.86	NA	NA	NA	NA	NA	7.9%	92.1%
Artis REIT	AX.UN	$0.33	$0.21	$0.54	-	-	22.5%	-	38.6%	61.1%	38.9%
Boardwalk REIT	BEI.UN	$0.91	$0.09	$1.00	-	-	35.6%	55.7%	-	91.3%	8.7%
BSR REIT	HOM.U	$0.00	$0.50	$0.50	-	-	-	-	-	0.0%	100.0%
Canadian Apartment Properties REIT	CAR.UN	$0.40	$0.97	$1.37	0.1%	-	29.2%	-	-	29.3%	70.7%
Choice Properties REIT	CHP.UN	$0.81	$0.00	$0.81	-	-	86.6%	12.9%	0.5%	100.0%	-
Crombie REIT	CRR.UN	$0.89	$0.00	$0.89	-	-	55.8%	44.2%	-	100.0%	-
Chartwell Retirement Residences	CSH.UN	$0.00	$0.60	$0.60	-	-	-	-	-	0.0%	100.0%
CT REIT	CRT.UN	$0.65	$0.11	$0.76	-	-	84.7%	0.3%	-	85.0%	15.0%
Cominar REIT	CUF.UN	$0.64	$0.08	$0.72	0.5%	-	28.9%	60.0%	-	89.4%	10.7%
Dream Office REIT	D.UN	$0.01	$0.99	$1.00	-	-	1.0%	-	-	1.0%	99.0%
Dream Industrial REIT	DIR.UN	$0.57	$0.13	$0.70	-	-	47.6%	11.2%	23.1%	81.9%	18.1%
European Residential REIT	ERE.UN	€ 0.25	€ 0.16	€ 0.41	-	-	61.0%	-	-	61.0%	39.0%
Granite REIT	GRT.UN	$2.67	$0.14	$2.81	0.1%	-	18.7%	-	76.3%	95.0%	5.0%
H&R REIT	HR.UN	$1.38	$0.00	$1.38	-	-	31.3%	44.7%	24.0%	100.0%	0.0%
InterRent REIT	IIP.UN	$0.00	$0.29	$0.29	-	-	-	-	-	0.0%	100.0%
Killam Apartment REIT	KMP.UN	$0.32	$0.33	$0.66	21.8%	-	27.3%	-	-	49.1%	50.9%
Melcor REIT	MR.UN	$0.20	$0.47	$0.68	-	-	30.0%	-	-	30.0%	70.0%
Minto REIT	MI.UN	$0.23	$0.19	$0.42	-	-	55.5%	-	-	55.5%	44.5%
Morguard NA Residential REIT	MRG.UN	$0.15	$0.54	$0.68	-	-	21.6%	-	-	21.6%	78.4%
Morguard REIT	MRT.UN	$0.56	$0.40	$0.96	-	-	58.5%	-	-	58.5%	41.5%
Northview Apartment REIT	NVU.UN	$0.36	$1.27	$1.63	-	-	21.0%	0.8%	-	21.8%	78.2%
NorthWest Healthcare Prop. REIT	NWH.UN	$0.40	$0.40	$0.80	-	-	-	-	49.4%	49.4%	50.6%
Plaza Retail REIT	PLZ.UN	$0.14	$0.14	$0.28	-	17.6%	33.3%	-	-	51.0%	49.0%
RioCan REIT	REI.UN	$1.44	$0.00	$1.44	-	-	75.6%	24.4%	-	100.0%	0.0%
Summit Industrial Income REIT	SMU.UN	$0.51	$0.09	$0.60	-	-	3.6%	81.2%	-	84.8%	15.2%
Slate Office REIT	SOT.UN	$0.11	$0.35	$0.46	-	-	-	23.0%	-	23.0%	77.0%
Slate Retail REIT	SRT.UN	$0.55	$0.30	$0.86	-	-	-	11.6%	53.2%	64.8%	35.2%
SmartCentres REIT	SRU.UN	$1.44	$0.37	$1.81	-	-	73.5%	5.9%	-	79.4%	20.6%
True North Commercial REIT	TNT.UN	$0.00	$0.59	$0.59	-	-	-	-	-	0.0%	100.0%
WPT Industrial REIT	WIR.U	$0.31	$0.45	$0.76	-	-	-	-	40.4%	40.4%	59.6%

Source: Company reports and CIBC World Markets Inc.

This document is intended for Mehul SUDRA (CIBC)

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Exhibit 58: REIT Debt Profiles (As Of Q1/20)

REIT	Total Debt ($ MM)	Debt/ GBV Assets	Int. Cov.	Short Term* ($MM)	Short Term* % Tot.	Long Term* ($ MM)	Long Term* % Tot.	Conv. Debt ($ MM)	Conv. Debt Due (Years)	Avg. Term (Years)	Avg. Int. Rate	2020 ($ MM)	2020 %	2020 Rate	2021 ($ MM)	2021 %	2021 Rate	2022 ($ MM)	2022 %	2022 Rate	2023 ($ MM)	2023 %	2023 Rate
												Long-term Debt Maturities (Mortgages* & Unsecured Debentures)											
Shopping Centre																							
RioCan	6,593	43%	3.5x	979	14.8%	5,615	85.2%	-	-	3.9	3.3%	730	11.1%	3.2%	904	13.7%	3.4%	744	11.3%	3.3%	797	12.1%	3.4%
SmartCentres REIT	4,753	43%	3.5x	620	13.0%	4,133	87.0%	-	-	4.8	3.4%	354	7.4%	4.9%	527	11.1%	3.2%	561	11.8%	3.3%	379	8.0%	4.2%
First Capital REIT	4,945	47%	2.3x	471	9.5%	4,474	90.5%	-	-	4.9	4.0%	242	4.9%	5.5%	277	5.6%	4.7%	575	11.6%	4.3%	330	6.7%	4.0%
Crombie	2,346	50%	3.2x	229	9.7%	2,117	90.3%	-	-	4.2	4.1%	89	3.8%	4.3%	374	16.0%	4.1%	344	14.7%	4.2%	267	11.4%	4.3%
Choice Properties	6,563	44%	3.6x	512	7.8%	6,051	92.2%	-	-	6.1	3.8%	261	4.0%	4.0%	737	11.2%	3.5%	826	12.6%	3.6%	684	10.4%	3.9%
CT REIT	2,589	43%	3.4x	252	9.7%	2,337	90.3%	-	-	7.7	4.1%	252	9.7%	4.1%	150	5.8%	2.2%	159	6.2%	2.9%	56	2.2%	3.4%
Diversified (Office/Retail/Industrial)																							
Brookfield Property Partners	54,940	55%	NA	9,185	16.7%	45,755	83.3%	-	-	4.6	3.9%	3,169	5.8%	3.8%	6,390	11.6%	4.0%	4,452	8.1%	3.9%	6,272	11.4%	3.8%
H&R REIT	6,438	51%	3.3x	211	3.3%	6,227	96.7%	-	-	4.0	3.6%	159	2.5%	4.5%	958	14.9%	3.9%	932	14.5%	3.6%	705	10.9%	3.7%
Cominar REIT	3,616	51%	2.4x	481	13.3%	3,135	86.7%	-	-	4.1	3.9%	481	13.3%	4.6%	460	12.7%	4.1%	457	12.6%	3.8%	329	9.1%	4.3%
Artis REIT	2,748	53%	3.1x	747	27.2%	2,001	72.8%	-	-	2.2	3.7%	375	13.6%	3.6%	690	25.1%	3.4%	198	7.2%	3.7%	426	15.5%	3.7%
Morguard REIT	1,340	48%	2.3x	339	25.3%	1,001	74.7%	171	'21	3.5	4.1%	150	11.2%	4.4%	344	25.7%	4.3%	172	12.8%	3.8%	208	15.5%	3.7%
Melcor REIT	445	50%	2.4x	77	17.4%	368	82.6%	63	'22, '24	4.4	3.8%	48	10.7%	NA	54	12.1%	NA	58	13.0%	NA	57	12.9%	NA
Office																							
Allied Properties	2,366	27%	3.3x	29	1.2%	2,337	98.8%	-	-	3.6	3.7%	4	0.2%	5.0%	200	8.5%	2.9%	361	15.2%	4.1%	277	11.7%	4.7%
Dream Office	1,131	38%	3.0x	33	2.9%	1,098	97.1%	-	-	5.1	3.8%	15	1.3%	4.3%	107	9.4%	4.9%	192	17.0%	3.3%	140	12.4%	4.3%
Slate Office	991	58%	2.2x	481	48.6%	510	51.4%	28	'23	2.8	3.9%	192	19.4%	3.1%	494	49.9%	3.6%	9	0.9%	0.0%	217	21.9%	3.7%
True North Commercial	817	58%	3.0x	46	5.6%	771	94.4%	-	-	4.5	3.4%	25	3.0%	2.9%	23	2.8%	2.8%	155	19.0%	3.3%	142	17.3%	3.7%
NorthWest Healthcare	2,697	45%	2.9x	96	3.6%	2,601	96.4%	269	'20-23	n/a	3.6%	152	5.6%	3.9%	465	17.2%	4.2%	955	35.4%	3.5%	256	9.5%	4.2%
Industrial																							
Granite	1,310	22%	10.4x	-	0.0%	1,310	100.0%	-	-	4.1	1.8%	-	-	0.0%	250	19.1%	2.7%	0	0.0%	0.0%	399	30.4%	2.4%
Dream Industrial	889	28%	3.9x	39	4.4%	850	95.6%	-	-	4.1	3.6%	34	3.8%	2.7%	135	15.2%	3.9%	63	7.0%	3.1%	114	12.9%	3.6%
WPT Industrial	1,193	52%	2.9x	43	3.6%	1,149	96.4%	-	-	3.1	3.3%	32	2.7%	3.4%	70	5.8%	4.6%	24	2.0%	3.8%	82	6.9%	3.9%
Summit Industrial Income	1,320	47%	2.8x	378	28.6%	942	71.4%	-	-	5.8	3.7%	15	1.1%	3.7%	72	5.5%	3.7%	103	7.8%	3.8%	108	8.1%	3.9%
Small Cap Retail																							
Plaza Retail	595	53%	2.3x	131	22.0%	464	78.0%	45	'21, "23	5.7	4.2%	66	11.0%	4.6%	38	6.4%	4.9%	47	8.0%	4.3%	72	12.1%	5.1%
Slate Retail	735	59%	2.4x	5	0.7%	730	99.3%	-	-	4.9	4.0%	-	0.0%	0.0%	-	0.0%	0.0%	-	-	-	249	33.8%	0
Automotive Properties	404	45%	3.5x	-	0.0%	404	100.0%	-	-	3.6	3.8%	24	5.9%	NA	18	4.5%	NA	270	67.0%	NA	0	0.0%	0.0%

Source: Company reports and CIBC World Markets Inc.

This document is intended for Mehul SUDRA (CIBC)

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Exhibit 59: REIT Debt Profiles (As Of Q1/20)

REIT	Total Debt ($ MM)	Debt/ GBV Assets	Int. Cov.	Short Term* ($MM)	Short Term* % Tot.	Long Term* ($ MM)	Long Term* % Tot.	Conv. Debt ($ MM)	Conv. Debt Due (Years)	Avg. Term (Years)	Avg. Int. Rate	2020 ($ MM)	2020 %	2020 Rate	2021 ($ MM)	2021 %	2021 Rate	2022 ($ MM)	2022 %	2022 Rate	2023 ($ MM)	2023 %	2023 Rate
Residential																							
CAPREIT	5,210	36%	3.9x	464	8.9%	4,746	91.1%	-	-	4.9	2.7%	402	7.7%	2.7%	566	10.9%	3.4%	535	10.3%	2.8%	577	11.1%	2.8%
Boardwalk	2,774	46%	2.8x	397	14.3%	2,376	85.7%	-	-	4.3	2.7%	344	12.4%	2.4%	440	15.9%	2.4%	492	17.7%	2.7%	395	14.2%	2.9%
Northview Apartment	2,312	52%	2.8x	433	18.7%	1,879	81.3%	-	-	4.7	3.0%	300	13.0%	3.2%	310	13.4%	3.5%	149	6.4%	2.8%	258	11.2%	3.1%
Killam Properties	1,538	44%	3.3x	248	16.1%	1,290	83.9%	-	-	4.8	2.8%	228	14.8%	2.5%	205	13.3%	2.6%	138	9.0%	2.8%	235	15.3%	3.3%
Minto Apartment	923	43%	1.9x	123	13.3%	801	86.7%	-	-	5.7	3.2%	123	13.3%	2.8%	37	4.0%	3.1%	101	11.0%	3.2%	105	11.4%	3.1%
InterRent REIT	947	33%	3.2x	171	18.1%	776	81.9%	-	-	4.8	3.0%	171	18.1%	3.1%	107	11.3%	3.0%	71	7.5%	2.8%	81	8.6%	2.8%
International Residential																							
Morguard NA Residential	1,382	44%	2.4x	30	2.2%	1,351	97.8%	83	'23	5.4	3.5%	27	1.9%	4.3%	101	7.3%	4.0%	103	7.4%	3.8%	269	19.5%	3.8%
BSR REIT	559	49%	NA	16	2.9%	543	97.1%	-	-	7.2	3.7%	29	5.2%	n/a	35	6.3%	n/a	181	32.4%	n/a	48	8.6%	n/a
European Residential[2]	621	45%	3.7x	1	0.2%	620	99.8%	-	-	5.1	1.6%	1	0.1%	n/a	1	0.2%	n/a	51	8.2%	1.4%	102	16.4%	1.5%
Retirement/Nursing Homes																							
Chartwell Seniors Housing	2,597	54%	3.2x	276	10.6%	2,320	89.4%	-	-	6.9	3.6%	72	2.8%	3.6%	203	7.8%	4.1%	228	8.8%	3.7%	268	10.3%	3.8%
Extendicare[1]	555	33%	3.1x	116	20.9%	438	79.1%	121	'25	6.6	4.6%	123	22.2%	n/a	53	9.6%	n/a	61	11.0%	n/a	51	9.2%	n/a
Sienna Seniors Living[1]	1,033	47%	4.2x	311	30.1%	722	69.9%	-	-	4.4	3.6%	5	0.5%	2.5%	300	29.1%	3.5%	28	2.7%	4.2%	61	5.9%	4.1%
Invesque Inc. [1]	1,006	58%	1.8x	41	4.1%	965	95.9%	91	"22, 23	4.8	4.6%	36	3.6%	n/a	16	1.6%	n/a	219	21.7%	n/a	342	34.0%	n/a
Hotel																							
American Hotel Income	782	59%	1.6x	5	0.6%	777	99.4%	47	'22	5.3	4.4%	3	0.4%	n/a	5	0.6%	n/a	109	14.0%	n/a	78	10.0%	n/a
Average		**46%**	**3.2x**		**11.9%**		**88.1%**			**4.8**	**3.5%**		**6.9%**	**3.5%**		**11.3%**	**3.5%**		**12.4%**	**3.1%**		**12.5%**	**3.4%**
Average – Commercial		**46%**	**3.3x**		**12.2%**		**87.8%**			**4.4**	**3.6%**		**6.1%**	**3.7%**		**12.4%**	**3.6%**		**12.6%**	**3.2%**		**12.1%**	**3.5%**
Average – Res./Seniors		**45%**	**3.0x**		**12.3%**		**87.7%**			**5.4**	**3.3%**		**8.9%**	**3.0%**		**10.0%**	**3.3%**		**11.9%**	**3.0%**		**13.5%**	**3.1%**

Long-term Debt Maturities (Mortgages* & Unsecured Debentures) cover the 2020–2023 columns.

*Short term includes current debt and debentures due; long term includes mortgage debt (excludes scheduled principal amortization) and unsecured debentures.

1 Extendicare Inc., Sienna Senior Living, and Invesque Inc. are taxable Canadian corporations.

2 EUR denominated

Source: Company reports and CIBC World Markets Inc.

This document is intended for Mehul SUDRA (CIBC)

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Exhibit 60: Asset Mix Of REITs (As Of Q1/20)

		Geographic Mix					Property Type Mix						
REIT	Ticker	Western Canada[3]	Central Canada	Atlantic Canada	United States	Other	Office	Retail	Indust.	Res.[4]	Healthcare	Hotel	Other
RioCan	REI.UN	22.3%	67.9%	9.8%	0.0%	0.0%	7.6%	92.4%	0.0%	0.0%	0.0%	0.0%	0.0%
SmartCentres REIT	SRU.UN	20.9%	73.7%	5.4%	0.0%	0.0%	0.8%	99.2%	0.0%	0.0%	0.0%	0.0%	0.0%
First Capital REIT	FCR.UN	35.6%	64.4%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Crombie[2]	CRR.UN	41.8%	23.6%	34.6%	0.0%	0.0%	4.1%	91.8%	4.1%	0.0%	0.0%	0.0%	0.0%
Choice Properties	CHP.UN	36.0%	54.0%	10.0%	0.0%	0.0%	7.1%	79.4%	13.6%	0.0%	0.0%	0.0%	0.0%
CT REIT	CRT.UN	27.9%	64.7%	7.4%	0.0%	0.0%	0.0%	84.4%	14.1%	0.0%	0.0%	0.0%	1.5%
Brookfield Property Partners	BPY.UN	NA	NA	NA	NA	NA	40.8%	49.6%	0.0%	1.3%	0.0%	2.9%	5.5%
H&R	HR.UN	26.0%	27.8%	10.0%	36.3%	0.0%	45.3%	31.9%	7.6%	15.2%	0.0%	0.0%	0.0%
Cominar	CUF.UN	0.0%	100.0%	0.0%	0.0%	0.0%	39.1%	34.0%	26.9%	0.0%	0.0%	0.0%	0.0%
Artis	AX.UN	39.6%	10.8%	0.0%	49.6%	0.0%	46.8%	18.7%	34.5%	0.0%	0.0%	0.0%	0.0%
Morguard	MRT.UN	58.0%	42.0%	0.0%	0.0%	0.0%	46.0%	53.0%	1.0%	0.0%	0.0%	0.0%	0.0%
Melcor	MR.UN	100.0%	0.0%	0.0%	0.0%	0.0%	41.0%	49.5%	7.2%	2.4%	0.0%	0.0%	0.0%
Allied Properties REIT	AP.UN	10.6%	89.4%	0.0%	0.0%	0.0%	75.8%	8.5%	0.0%	0.0%	0.0%	0.0%	15.7%
Dream Office REIT	D.UN	17.2%	79.2%	0.0%	3.5%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Slate Office REIT	SOT.UN	5.8%	38.4%	35.4%	20.4%	0.0%	94.2%	1.1%	0.5%	0.0%	0.0%	3.2%	0.9%
True North Commercial	TNT.UN	21.8%	66.6%	11.6%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
NorthWest Healthcare REIT	NWH.UN	10.4%	16.8%	2.8%	0.0%	70.0%	49.0%	0.0%	0.0%	0.0%	51.0%	0.0%	0.0%
Granite REIT	GRT.UN	0.0%	18.0%	0.0%	43.0%	39.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
Dream Industrial REIT	DIR.UN	27.0%	44.0%	0.0%	23.0%	6.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
WPT Industrial REIT	WIR.U	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
Summit Industrial Income REIT	SMU.UN	28.7%	71.1%	0.2%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
Plaza Retail	PLZ.UN	0.6%	45.8%	53.6%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Slate Retail	SRT.U	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Automotive Properties	APR.UN	40.8%	59.2%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CAP REIT[7]	CAR.UN	17.4%	69.8%	4.6%	0.0%	8.1%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
Boardwalk REIT	BEI.UN	73.9%	26.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
Northview REIT	NVU.UN	47.5%	41.2%	11.3%	0.0%	0.0%	0.0%	0.0%	0.0%	90.0%	0.0%	0.0%	10.0%
Killam	KMP.UN	8.8%	22.0%	69.2%	0.0%	0.0%	5.1%	0.0%	0.0%	94.9%	0.0%	0.0%	0.0%
Minto Apartment	MI.UN	11.0%	89.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
InterRent	IIP.UN	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
Morguard NA Residential	MRG.UN	2.0%	35.0%	0.0%	63.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
BSR REIT	HOM.U	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
European Residential	ERE.UN	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	91.8%	0.0%	0.0%	8.2%
Chartwell Seniors Housing	CSH.UN	18.0%	82.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Extendicare Inc.[1]	EXE	16.5%	83.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Sienna Senior Living [1]	SIA	17.3%	82.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Invesque Inc. [1]	IVQ.U	1.0%	8.0%	0.0%	91.0%	0.0%	6.0%	0.0%	0.0%	0.0%	94.0%	0.0%	0.0%
American Hotel Income	HOT.UN	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%

Notes:

1 Sienna Senior Living, Extendicare Inc. and Invesque Inc. are taxable Canadian corporations but have operating, financial and payout ratio policies that are similar to REITs.

2 Crombie's retail amount includes mixed-use property which includes some office, hotel and warehouse space.

3 Includes Nunavut, Northwest Territories and the Yukon.

4 Includes MHC units.

Source: Company reports and CIBC World Markets Inc.

This document is intended for Mehul SUDRA (CIBC)

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Exhibit 61: Canadian REIT Estimate And Statistics

		27-May-20	Units	Market	Current	FFO Per Unit[3] ($)					AFFO Per Unit[4] ($)				
	Rating	Unit Price	O/S[1] (MM)	Cap. ($MM)	D/GBV[2] Assets	2019A	2020E	19A-20E	2021E	20E-21E	2019A	2020E	19A-20E	2021E	20E-21E
Shopping Centre															
RioCan (REI.UN)	OP	$15.14	317.7	$4,810	43%	$1.87	$1.72	(8.0%)	$1.76	2.3%	$1.71	$1.57	(8.2%)	$1.60	1.9%
SmartCentres (SRU.UN)	OP	21.02	172.5	3,626	43%	2.28	2.24	(1.8%)	2.38	6.2%	2.16	2.12	(1.9%)	2.26	6.6%
First Capital (FCR.UN)	NT	13.74	218.2	2,998	47%	1.23	1.09	(11.4%)	1.16	6.4%	1.13	0.97	(14.2%)	1.05	8.2%
Crombie (CRR.UN)	OP	12.82	158.1	2,027	50%	1.16	1.11	(4.3%)	1.17	5.4%	0.98	1.08	10.2%	0.99	(8.3%)
Choice Properties (CHP.UN)	NT	12.85	700.4	9,000	44%	0.99	0.94	(5.1%)	1.00	6.4%	0.82	0.78	(4.9%)	0.83	6.4%
CT REIT (CRT.UN)	NT	13.27	228.5	3,032	43%	1.18	1.16	(1.7%)	1.19	2.6%	1.01	1.00	(1.0%)	1.02	2.0%
Shopping Centre Average/Total				**25,493**				**(5.4%)**		**4.9%**			**(3.3%)**		**2.8%**
Diversified (Office/Retail/Industrial)															
Brookfield Property Partners (BPY)	OP	11.15	937.9	14,674	55%	1.41	1.19	(15.6%)	1.45	21.8%	1.01	0.85	(15.8%)	1.05	23.5%
H&R (HR.UN)	OP	10.72	302.1	3,239	51%	1.75	1.65	(5.7%)	1.78	7.9%	1.31	1.38	5.3%	1.51	9.4%
Cominar (CUF.UN)	OP	7.91	182.4	1,443	51%	1.07	0.97	(9.3%)	1.06	9.3%	0.77	0.73	(5.2%)	0.79	8.2%
Artis (AX.UN)	NT	7.49	136.1	1,019	53%	1.41	1.29	(8.5%)	1.31	1.6%	1.10	0.94	(14.5%)	0.96	2.1%
Morguard (MRT.UN)	NT	5.31	60.7	322	48%	1.43	1.28	(10.5%)	1.28	0.0%	1.07	0.95	(11.2%)	0.94	(1.1%)
Melcor REIT (MR.UN)	NT	3.54	29.3	104	50%	0.91	0.82	(9.9%)	0.79	(3.7%)	0.65	0.59	(9.2%)	0.57	(3.4%)
PRO REIT [7]	NR	4.25	41.0	174	58%	0.43	0.55	26.3%	0.55	0.9%	0.58	0.51	(11.0%)	0.51	(0.5%)
Diversified Commercial Sector Average/Total				**20,775**				**(4.7%)**		**5.4%**			**(8.8%)**		**5.5%**
Office															
Allied Properties (AP.UN)	OP	$40.05	123.0	4,926	27%	2.26	2.37	4.9%	2.51	5.9%	1.95	2.00	2.6%	2.09	4.5%
Dream Office (D.UN)	NT	19.83	60.8	1,206	38%	1.70	1.57	(7.6%)	1.70	8.3%	1.24	1.16	(6.5%)	1.28	10.3%
Slate Office (SOT.UN)	NT	3.78	73.2	277	58%	0.76	0.69	(9.2%)	0.74	7.2%	0.63	0.57	(9.5%)	0.61	7.0%
True North Commercial (TNT.UN)	NT	5.63	89.1	502	58%	0.57	0.60	5.3%	0.62	3.3%	0.55	0.55	0.0%	0.56	1.8%
NorthWest Healthcare (NWH.UN)	NT	10.65	177.9	1,895	45%	0.84	0.81	(3.6%)	0.91	12.3%	0.81	0.76	(6.2%)	0.85	11.8%
Inovalis (INO.UN) [7]	NR	7.10	34.3	244	47%	0.83	0.69	(16.4%)	0.74	6.9%	0.87	0.63	(28.0%)	0.68	8.9%
Office Sector Average				**9,048**				**(4.4%)**		**7.3%**			**(7.9%)**		**7.4%**
Industrial															
Granite (GRT.UN)	OP	68.07	58.0	3,948	22%	3.62	4.00	10.5%	4.22	5.5%	3.23	3.59	11.1%	3.79	5.6%
Dream Industrial (DIR.UN)	OP	10.12	171.2	1,733	28%	0.78	0.73	(6.4%)	0.80	9.6%	0.69	0.63	(8.7%)	0.70	11.1%
WPT Industrial (WIR.U)	OP	12.20	87.0	1,061	52%	0.85	0.92	8.2%	0.94	2.2%	0.65	0.75	15.4%	0.80	6.7%
Summit Industrial (SMU.UN)	NT	10.31	138.1	1,424	47%	0.58	0.65	12.1%	0.67	3.1%	0.51	0.57	11.8%	0.59	3.5%
Industrial Sector Average				**8,166**				**6.1%**		**5.1%**			**7.4%**		**6.7%**
Small-Cap Shopping Centre Average															
Plaza Retail (PLZ.UN)	NT	2.93	103.0	302	53%	0.40	0.33	(17.5%)	0.34	3.0%	0.35	0.29	(17.1%)	0.30	3.4%
Slate Retail (SRT.U)	NT	6.68	42.1	281	59%	1.20	1.06	(11.7%)	1.08	1.9%	0.95	0.81	(14.7%)	0.82	1.2%
Automotive Properties (APR.UN)	OP	9.10	47.6	433	45%	1.00	0.87	(12.7%)	0.94	8.0%	0.91	0.81	(10.8%)	0.87	7.4%
Small-Cap Shopping Centre Average				**1,016**				**(14.0%)**		**4.3%**			**(14.2%)**		**4.0%**
Total Commercial Average (Retail/Office/Industrial)				**64,479**				**(4.2%)**		**5.6%**			**(5.5%)**		**5.3%**

Notes:

1 Units o/s include exchangeable securities.

2 Excluding Convertible Debentures.

3 Net earnings plus depreciation, amortization and deferred taxes.

4 AFFO (Adjusted Funds from Operations) is cash flow minus a normalized provision for tenant inducements and maintenance-type capital expenditures.

5 REIT cash flows in the hotel sector are not contractual in nature and have above-average potential for fluctuation during the course of an economic cycle.

6 SIA , IVQ and EXE are taxable Canadian corporations, but have operating, financial and payout policies that are similar to REITs.

7 Company is not covered by CIBC. Estimates used are consensus.

8 FFO and AFFO estimates are denominated in EUR

OP = Outperformer; NT = Neutral; UN = Underperformer; R = Restricted; NR = Not Rated.

Source: Company reports and CIBC World Markets Inc.

This document is intended for Mehul SUDRA (CIBC)

Exhibit 62: Canadian REIT Estimate And Statistics (Continued)

	Rating	27-May-20 Unit Price	Units O/S[1] (MM)	Market Cap. ($MM)	Current D/GBV[2] Assets	FFO Per Unit[3] ($) 2019A	2020E	19A-20E	2021E	20E-21E	AFFO Per Unit[4] ($) 2019A	2020E	19A-20E	2021E	20E-21E
Residential															
CAP REIT (CAR.UN)	NT	$47.19	171.0	$8,069	36%	$2.13	$2.22	4.2%	$2.32	4.5%	$1.81	$1.89	4.4%	$2.00	5.8%
Boardwalk (BEI.UN)	NT	29.92	51.0	1,526	46%	2.57	2.50	(2.7%)	2.79	11.6%	2.05	1.96	(4.4%)	2.24	14.3%
Northview (NVU.UN)	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Killam Apartment (KMP.UN)	OP	16.93	98.2	1,663	44%	0.98	0.96	(2.0%)	1.03	7.3%	0.80	0.79	(1.3%)	0.86	8.9%
InterRent REIT (IIP.UN)	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Minto Apartment (MI.UN)	OP	20.00	59.0	1,180	43%	0.84	0.88	4.8%	0.92	4.5%	0.72	0.77	6.9%	0.81	5.2%
Residential Sector Average				**16,503**				**2.7%**		**7.7%**			**3.3%**		**8.8%**
International Residential															
European Residential (ERE.UN)[8]	OP	4.06	230.6	936	45%	0.14	0.14	0.0%	0.15	7.1%	0.12	0.12	0.0%	0.13	8.3%
Morguard NA Res. (MRG.UN)	OP	14.51	56.2	815	44%	1.19	1.11	(6.7%)	1.17	5.4%	1.04	0.92	(11.5%)	1.00	8.7%
BSR REIT (HOM.U)	OP	10.55	44.5	469	49%	0.71	0.61	(14.1%)	0.70	14.8%	0.64	0.57	(10.9%)	0.61	7.0%
International Residential Sector Average				**1,285**				**(10.4%)**		**10.1%**			**(11.2%)**		**7.9%**
Retirement/Nursing Homes															
Chartwell (CSH.UN)	NT	8.51	218.1	1,856	54%	0.92	0.81	(12.0%)	0.90	11.1%	0.86	0.78	(9.3%)	0.83	6.4%
Extendicare (EXE)[6]	NT	5.68	90.5	514	33%	0.52	0.44	(15.4%)	0.54	22.7%	0.57	0.51	(10.5%)	0.60	17.6%
Sienna Senior Living (SIA)[6]	OP	10.56	67.0	708	47%	1.38	1.31	(5.1%)	1.33	1.5%	1.40	1.34	(4.3%)	1.36	1.5%
Invesque Inc. (IVQ.U)[6]	NT	1.90	55.2	105	58%	0.73	0.71	(2.7%)	0.72	1.4%	0.65	0.60	(7.7%)	0.63	5.0%
Retirement/Nursing Homes Sector Average				**3,182**				**(8.8%)**		**9.2%**			**(8.0%)**		**7.6%**
Hotel[5]															
American Hotel (HOT.U)	NT	1.80	78.1	141	59%	0.70	0.03	NM	0.56	NM	0.63	(0.05)	NM	0.43	NM
Hotel Sector Average				**141**				**NM**		**NM**			**NM**		**NM**
By Property Type															
Shopping Centre Total/Averages				**25,493**				**(5.4%)**		**4.9%**			**(3.3%)**		**2.8%**
Diversified Total/Averages				**20,755**				**(4.7%)**		**5.4%**			**(8.8%)**		**5.5%**
Office Sector Total/Averages				**9,048**				**(4.4%)**		**7.3%**			**(7.9%)**		**7.4%**
Industrial Total/Averages				**8,166**				**6.1%**		**5.1%**			**7.4%**		**6.7%**
Average/Total – All REITs				**85,590**				**(4%)**		**6.5%**			**(4.6%)**		**6.3%**
Average/Total – All REITs, excl. Hotels				**85,450**				**(3.9%)**		**6.5%**			**(4.6%)**		**6.3%**
Average – Commercial And Residential REITs				**82,267**				**(3.4%)**		**6.2%**			**(4.3%)**		**6.1%**

Notes:

1 Units o/s include exchangeable securities.

2 Excluding Convertible Debentures.

3 Net earnings plus depreciation, amortization and deferred taxes.

4 AFFO (Adjusted Funds from Operations) is cash flow minus a normalized provision for tenant inducements and maintenance-type capital expenditures.

5 REIT cash flows in the hotel sector are not contractual in nature and have above-average potential for fluctuation during the course of an economic cycle.

6 SIA, IVQ and EXE are taxable Canadian corporations, but have operating, financial and payout policies that are similar to REITs.

7 Company is not covered by CIBC. Estimates used are consensus.

8 FFO and AFFO estimates are denominated in EUR

OP = Outperformer; NT = Neutral; UN = Underperformer; R = Restricted; NR = Not Rated.

Source: Company reports and CIBC World Markets Inc.

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Exhibit 63: Canadian REIT Estimate And Statistics (Continued)

	Distributions ($)			P/FFO[1]			P/AFFO[2]			Est. NAV Per Unit ($)	Est. NAV Cap Rate (%)	Unit Price (Discount)/ Premium To Est. NAV (%)	Sensitivity Of NAV To +/-50 bps In Cap Rate (%)
	Current Annualized	Current Yield	% Of 2020E AFFO	2019A	2020E	2021E	2019A	2020E	2021E				
Shopping Centre													
RioCan	$1.44	9.5%	92%	8.1	8.8	8.6	8.9	9.6	9.5	$24.50	5.50%	(38.2%)	16.3%
SmartCentres	1.85	8.8%	87%	9.2	9.4	8.8	9.7	9.9	9.3	30.00	5.75%	(29.9%)	15.0%
First Capital	0.86	6.3%	89%	11.2	12.6	11.8	12.2	14.2	13.1	20.00	5.50%	(31.3%)	17.4%
Crombie	0.89	6.9%	82%	11.1	11.5	11.0	13.1	11.9	12.9	16.00	6.25%	(19.9%)	15.3%
Choice Properties	0.74	5.8%	95%	13.0	13.7	12.9	15.7	16.5	15.5	14.25	5.75%	(9.8%)	14.4%
CT REIT	0.79	5.9%	79%	11.2	11.4	11.2	13.1	13.3	13.0	15.50	6.00%	(14.4%)	14.6%
Shopping Centre Average		**7.2%**	**87%**	**10.6**	**11.2**	**10.7**	**12.1**	**12.6**	**12.2**		**5.79%**	**(23.9%)**	**15.5%**
Diversified (Office/Retail/Industrial)													
Brookfield Property Partners [6]	1.33	11.9%	156%	7.9	9.4	7.7	11.0	13.1	10.6	26.00	5.75%	(57.1%)	23.3%
H&R	0.69	6.4%	50%	6.1	6.5	6.0	8.2	7.8	7.1	20.00	6.75%	(46.4%)	13.8%
Cominar	0.72	9.1%	99%	7.4	8.2	7.5	10.3	10.8	10.0	15.00	6.00%	(47.3%)	18.6%
Artis	0.54	7.2%	57%	5.3	5.8	5.7	6.8	8.0	7.8	12.00	6.75%	(37.6%)	20.9%
Morguard REIT	0.48	9.0%	51%	3.7	4.1	4.1	5.0	5.6	5.6	11.00	7.00%	(51.7%)	18.3%
Melcor	0.36	10.2%	61%	3.9	4.3	4.5	5.4	6.0	6.2	6.25	6.75%	(43.4%)	26.8%
PRO REIT [5]	0.45	10.6%	88%	9.9	7.8	7.7	7.4	8.3	8.3	6.00	6.90%	N/A	N/A
Diversified Commercial Sector Average		**9.2%**	**80%**	**6.3**	**6.6**	**6.2**	**7.7**	**8.5**	**8.0**		**6.56%**	**(47.2%)**	**20.3%**
Office													
Allied Properties	1.65	4.1%	83%	17.7	16.9	16.0	20.5	20.0	19.2	48.00	5.10%	(16.6%)	11.5%
Dream Office	1.00	5.0%	86%	11.7	12.6	11.7	16.0	17.1	15.5	28.75	5.20%	(31.0%)	13.5%
Slate Office	0.40	10.6%	70%	5.0	5.5	5.1	6.0	6.6	6.2	6.75	6.70%	(44.0%)	22.2%
True North Commercial	0.59	10.5%	107%	9.9	9.4	9.1	10.2	10.2	10.1	6.25	6.50%	(9.9%)	20.0%
NorthWest Healthcare	0.80	7.5%	105%	12.7	13.1	11.7	13.1	14.0	12.5	11.25	6.10%	(5.3%)	15.6%
Inovalis [5]	0.83	11.6%	132%	8.6	10.2	9.6	8.2	11.3	10.4	10.50	5.75%	(32.4%)	N/A
Office Sector Average		**8.2%**	**97%**	**10.9**	**11.3**	**10.5**	**12.3**	**13.2**	**12.3**		**5.89%**	**(23.2%)**	**16.5%**
Industrial													
Granite REIT	2.90	4.3%	81%	18.8	17.0	16.1	21.1	19.0	18.0	68.00	6.10%	0.1%	9.6%
Dream Industrial	0.70	6.9%	111%	13.0	13.9	12.7	14.7	16.1	14.5	11.50	5.70%	(12.0%)	13.0%
WPT Industrial	0.76	6.2%	101%	14.4	13.3	13.0	18.8	16.3	15.3	13.75	5.80%	(11.3%)	18.2%
Summit Industrial	0.54	5.2%	95%	17.8	15.9	15.4	20.2	18.1	17.5	11.25	4.80%	(8.4%)	18.9%
Industrial Sector Average		**5.7%**	**97%**	**16.0**	**15.0**	**14.3**	**18.7**	**17.3**	**16.3**		**5.60%**	**(7.9%)**	**14.9%**
Small-Cap Shopping Centre Average													
Plaza Retail	0.28	9.6%	97%	7.3	8.9	8.6	8.4	10.1	9.8	4.50	7.25%	(34.9%)	13.3%
Slate Retail	0.86	12.9%	99%	5.6	6.0	5.7	7.0	7.7	7.2	10.00	7.50%	(33.2%)	18.6%
Automotive Properties	0.80	8.8%	99%	9.1	10.5	9.7	10.0	11.2	10.5	10.75	6.75%	(15.3%)	13.5%
Small-Cap Shopping Centre Average		**10.4%**	**98%**	**7.3**	**8.5**	**8.0**	**8.5**	**9.7**	**9.1**		**7.17%**	**(27.8%)**	**15.1%**
Total Commercial Average (Retail/Office/Industrial)		**8.1%**	**90%**	**10.0**	**10.2**	**9.7**	**11.6**	**12.0**	**11.4**		**6.2%**	**(27.2%)**	**16.8%**

Notes:

1 Net earnings plus depreciation, amortization and deferred taxes.

2 AFFO (Adjusted Funds from Operations) is cash flow minus a normalized provision for tenant inducements and maintenance-type capital expenditures.

3 REIT cash flows in the hotel sector are not contractual in nature and have above-average potential for fluctuation during the course of an economic cycle.

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5 Company is not covered by CIBC. Estimates used are consensus.

6 AFFO payout ratio does not include realized LP gains - payout ratio would be significantly lower after including realized gains

7 Distribution and NAV denominated in EUR

R – Restricted.

Source: Company reports and CIBC World Markets Inc.

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Exhibit 64: Canadian REIT Estimate And Statistics (Continued)

	Distributions ($)												Unit Price (Discount)/ Premium	Sensitivity Of NAV To +/-50 bps
	Current	Current	% Of 2020E	P/FFO[1]			P/AFFO[2]			Est. NAV Per Unit	Est. NAV Cap		To Est.	In Cap
	Annualized	Yield	AFFO	2019A	2020E	2021E	2019A	2020E	2021E	($)	Rate (%)		NAV (%)	Rate (%)
Residential														
CAP REIT	$1.38	2.9%	73%	22.2	21.3	20.3	26.1	25.0	23.6	$50.00	4.25%		(5.6%)	19.1%
Boardwalk	1.00	3.3%	51%	11.6	12.0	10.7	14.6	15.3	13.4	44.00	5.25%		(32.0%)	21.7%
Northview	R	R	R	R	R	R	R	R	R	R	R		R	R
Killam Apartment	0.68	4.0%	86%	17.3	17.6	16.4	21.2	21.4	19.7	20.00	4.75%		(15.4%)	18.5%
InterRent REIT	R	R	R	R	R	R	R	R	R	R	R		R	R
Minto Apartment	0.44	2.2%	57%	23.8	22.7	21.7	27.8	26.0	24.7	22.00	4.00%		(9.1%)	20.5%
Residential Sector Average		**3.3%**	**71%**	**20.3**	**19.6**	**18.2**	**23.9**	**23.0**	**21.2**		**4.71%**		**(7.8%)**	**19.5%**
International Residential														
European Residential (ERE.UN)[7]	0.11	3.9%	88%	19.1	19.1	17.8	22.2	22.2	20.5	€ 3.00	4.00%		(11.0%)	24.4%
Morguard NA Res. (MRG.UN)	0.70	4.8%	76%	12.2	13.1	12.4	14.0	15.8	14.5	23.00	5.50%		(36.9%)	17.6%
BSR REIT (HOM.U)	0.50	4.7%	88%	14.9	17.3	15.1	16.5	18.5	17.3	12.00	5.75%		(12.1%)	16.7%
International Residential Sector		**4.8%**	**82%**	**13.5**	**15.2**	**13.7**	**15.2**	**17.1**	**15.9**		**5.63%**		**(24.5%)**	**17.2%**
Retirement/Nursing Homes														
Chartwell	0.61	7.2%	78%	9.3	10.5	9.5	9.9	10.9	10.3	12.00	6.30%		(29.1%)	7.0%
Extendicare[4]	0.48	8.5%	94%	10.9	12.9	10.5	10.0	11.1	9.5	9.00	8.60%		(36.9%)	6.6%
Sienna Senior Living[4]	0.94	8.9%	70%	7.7	8.1	7.9	7.5	7.9	7.8	16.50	7.20%		(36.0%)	6.1%
Invesque Inc.[4]	0.00	0.0%	0%	2.6	2.7	2.6	2.9	3.2	3.0	5.50	7.70%		(65.5%)	31.3%
Retirement/Nursing Homes Sector Average		**6.1%**	**61%**	**7.6**	**8.5**	**7.6**	**7.6**	**8.3**	**7.6**		**7.45%**		**(41.9%)**	**12.7%**
Hotel[3]														
American Hotel	0.00	0.0%	0%	2.6	NM	3.2	2.9	NM	4.2	3.75	8.00%		(52.0%)	22.6%
Hotel Sector Average		**0.0%**	**0%**	**2.6**	**NM**	**3.2**	**2.9**	**NM**	**4.2**		**8.00%**		**(52.0%)**	**22.6%**
By Property Type														
Shopping Centre Total/Averages		**7.2%**	**87%**	**10.6**	**11.2**	**10.7**	**12.1**	**12.6**	**12.2**		**5.79%**		**(23.9%)**	**15.5%**
Diversified Total/Averages		**9.2%**	**80%**	**6.3**	**6.6**	**6.2**	**7.7**	**8.5**	**8.0**		**6.56%**		**(47.2%)**	**20.3%**
Office Sector Total/Averages		**8.2%**	**97%**	**10.9**	**11.3**	**10.5**	**12.3**	**13.2**	**12.3**		**5.89%**		**(23.2%)**	**16.5%**
Industrial Total/Averages		**5.7%**	**97%**	**16.0**	**14.9**	**14.3**	**18.7**	**17.3**	**16.3**		**5.60%**		**(7.9%)**	**15.2%**
Average/Total – All REITs		**6.8%**	**82%**	**11.3**	**11.8**	**10.8**	**13.0**	**13.6**	**12.6**		**6.08%**		**(26.2%)**	**17.0%**
Avg/Total – All REITs, Ex-Hotels		**7.0%**	**84%**	**11.5**	**11.8**	**11.0**	**13.3**	**13.6**	**12.8**		**6.03%**		**(25.5%)**	**16.8%**
Average – Commercial And Residential REITs		**7.1%**	**87%**	**12.0**	**12.2**	**11.4**	**14.0**	**14.3**	**13.4**		**5.86%**		**(23.5%)**	**17.3%**

Notes:

1 Net earnings plus depreciation, amortization and deferred taxes.

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6 AFFO payout ratio does not include realized LP gains - payout ratio would be significantly lower after including realized gains

7 Distribution and NAV denominated in EUR

R – Restricted.

Source: Company reports and CIBC World Markets Inc.

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